

**HEALTH SERVICES AND DEVELOPMENT AGENCY  
OCTOBER 28, 2015  
APPLICATION SUMMARY**

NAME OF PROJECT: NorthCrest Medical Center

PROJECT NUMBER: CN1507-028

ADDRESS: Unaddressed site near Gateway Plaza Boulevard and  
Highway 76  
Clarksville, TN (Montgomery County), Tennessee 37043

LEGAL OWNER: NorthCrest Medical Center  
100 NorthCrest Drive  
Springfield (Robertson County), TN 37172

OPERATING ENTITY: N/A

CONTACT PERSON: Kim Harvey Looney, Attorney  
(615) 850-8722

DATE FILED: July 15, 2015

PROJECT COST: \$ 6,890,427.66

FINANCING: Combination of Cash Reserves and Facility Lease

PURPOSE OF REVIEW: Establishment of a satellite emergency facility with 8  
treatment rooms

DESCRIPTION:

NorthCrest Medical Center (NMC) is 109-bed not-for-profit hospital seeking approval for the establishment of a 10,700 SF satellite emergency department (ED) containing 8 treatment rooms to be constructed in a 1-story building on a 2.8 acre site near the intersection of Gateway Plaza Boulevard and Highway 76 on the east side of I-24 at Exit 11, Clarksville (Montgomery County), Tennessee, 37043. The applicant's proposed satellite ED is approximately 24 miles northwest of NorthCrest Medical Center's main hospital campus in Springfield (Robertson County), Tennessee.

NorthCrest Medical Center (NMC) is seeking Certificate of Need approval for the establishment of an 8 room satellite Emergency Department (ED) to be constructed in a 1-story 10,700 square foot building on a 2.8 acre site near the intersection of Gateway Plaza Boulevard and Highway 76 on the east side of I-24 at Exit 11, Clarksville (Montgomery County), Tennessee, 37043. The applicant's proposed satellite ED is approximately 24 miles northwest of NorthCrest Medical Center's main hospital campus in Springfield (Robertson County, Tennessee).

This application will be heard simultaneously with Gateway Medical Center Emergency Department at Sango, CN1507-027. Gateway is seeking approval for the establishment of an 8-room satellite ED on a 3.22 acre lot north of Highway 76 to be operated under the license of Gateway Medical Center located 6 miles north near Exit 4 in Clarksville. The proposed satellite ED facilities appear to be on opposite sides of state highway 76 from each other and are approximately 1,400 feet east of I-24 at Exit 11.

NMC's satellite ED will be a full-service, 24-hour, physician-staffed facility providing the same full-time emergency and diagnostic and treatment services as the main hospital emergency department. Emergency medical physician staffing will be provided by the same contract physician group that currently staffs NorthCrest's main campus emergency department. The proposed satellite ED service will be operated as a department of NorthCrest Medical Center.

#### SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

*Note to Agency members: There are currently no standards and criteria in the State Health Plan specific to emergency departments.*

#### **CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS**

- 3. For renovation or expansion of an existing licensed healthcare institution:**
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.**

*The applicant projects that there will be adequate demand for the project from several factors including: population growth of the proposed 7-ZIP code primary service area (PSA) in Montgomery and Robertson Counties from 2015-2019, quicker access to emergency care for residents south of the Cumberland River, and the reduction of resident outmigration to hospitals in other counties for emergency services outside the PSA. The applicant projects the proposed satellite ED and NMC's main ED would have the capacity to meet demand for an additional 8,047 ED visits, from 30,352 in 2015 to 38,399 in 2017 (Year 1 of the project). In addition, the applicant believes the*

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 2**

emergency department's ratings for quality care and patient satisfaction may contribute to increased demand for emergency care services at the proposed satellite ED in Clarksville.

**Note to Agency members:** According to 2013 data from the Hospital Discharge Data Survey (HDDS) maintained by the Department of Health, NMC had a 6.7% market share of ED visits originating from the proposed 7-ZIP Code service area. Additionally further review of the HDDS indicates that in 2013 3,963 of the 7-ZIP code service area residents sought emergency care outside of Montgomery and Robertson County. (This does not include residents who sought emergency care out-of-state).

There are currently no criteria and standards specific to satellite emergency departments in the service area.

Based upon these general criteria for construction, renovation, and expansion, it appears that this criterion has been met.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.**

The applicant states the proposed satellite ED is a less costly and more efficient option than renovation and expansion of the existing emergency department at NorthCrest Medical Center in Springfield. Further, the proposed ED provides better access and proximity to residents of the 7 ZIP code service area.

**Note to Agency members:** The expansion of the ED at the proposed satellite ED site in the 37043 ZIP code community of Sango is located approximately 24 miles from the main hospital campus in Springfield.

The applicant refers to what appears to be an accepted industry standard when considering expansion of emergency department capacity, the American College of Emergency Physician (ACEP) guideline of 1,500 visits per treatment room for planning purposes. The applicant has exceeded the standard by an average of approximately 106% per year from 2012-2014 and expects to reach 112% of the standard by 2015 year end.

The applicant also uses the 1,500 guideline to determine the number of additional rooms needed in the primary service area based on ED visit utilization. For 2014, the applicant reports 28,723 visits at the 18-room main ED located on the hospital campus in Springfield. The applicant also estimates that residents of the 7 ZIP code primary

*service area of the proposed satellite ED had approximately 5,663 ED visits at hospitals outside Montgomery and Robertson Counties in 2014.*

*Note to Agency members: As noted earlier the HDDS indicates that in 2013 3,963 of the 7-ZIP code service area residents sought emergency care outside of Montgomery and Robertson County. (This does not include residents who sought emergency care out-of-state). See the chart on page 10 of this summary for detail on the migration patterns of residents of the 7-ZIP Code service area seeking emergency care.*

*The product of the 2014 combined visits divided by the ACEP 1,500/room guideline amounts to an estimated existing demand for 23 ED rooms (34,386 visits/1,500 visits/room = 23 ED rooms), or an additional 5 ED rooms to meet existing demand based on 2014 estimated ED volumes.*

*There are currently no criteria and standards specific to satellite emergency departments in the service area.*

*Based upon these general criteria for construction, renovation, and expansion, it appears that this criterion has been met.*

## **Staff Summary**

*The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.*

The applicant is seeking Certificate of Need approval for the establishment of a satellite emergency department to be operated under the license of NorthCrest Medical Center (NMC), a 109 bed non-profit hospital located in Springfield (Robertson County), Tennessee. The satellite ED will be located approximately 23.4 miles northeast of NMC's main campus in Springfield and approximately 6 miles south of Gateway Medical Center in Clarksville in a newly constructed 10,700 square feet (SF) building on an unaddressed 2.8-acre site. The proposed site is approximately 1,400 feet east of I-24 at Exit 11 on the south side of Highway 76 near its intersection with Gateway Plaza Boulevard. *Note: The names and distances of hospital EDs within 50 miles of the applicant's proposed satellite ED are shown in the table on page 8 of Supplemental 1.*

NMC's proposed satellite ED will provide full service emergency care 24 hours-a-day, 7 days a week to adult and pediatric patients residing in the following 7 ZIP code primary service area: Adams (37010) and Cedar Hill (37032) in Robertson County and Clarksville (37040), Sango (37043), Cunningham (37052), Palmyra (37142), and

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 4**



Southside (37171) in Montgomery County. Please refer to the zip code service area map in the attachments of the original application for more detailed information.

The proposed facility will contain space for 8 treatment rooms with CT, ultrasound, X-Ray, and laboratory services to support the emergency care provided. Of the 8 treatment rooms, 2 are oversized rooms set up to accommodate trauma patients, 1 will be used as a behavioral room and 5 will be used as standard, multi-use rooms. The building will also contain areas for patient waiting, security, administration and staff support activities, and canopied walk-in and ambulance entries.

***Note to Agency Members: Gateway Medical Center Emergency Department at Sango, CN1507-027, is a simultaneous review application that will be heard with NMC's proposed satellite ED during the October 28, 2015 Agency meeting. Gateway Medical Center proposes to establish a full service, 24 hour per day/7 day per week in a 12,500 SF freestanding satellite ED facility to be located at an unnamed street address north of Highway 76 approximately 1,400 from Exit 11 at I-24 in Clarksville (Montgomery County), Tennessee 37043. The proposed facility will be operated as a satellite emergency department of Gateway Medical Center. The building will have 8 treatment rooms and will provide emergency diagnostic and treatment services. The project does not contain major medical equipment, initiate or discontinue any other health service or affect the hospital's licensed 270 bed complement.***

An overview of the project is provided in the Executive Summary attachment of the original application. If approved, the satellite emergency department is projected to open in August 2017.

#### **Ownership**

- NorthCrest Medical Center (NMC) is owned by NorthCrest Medical Center, a Tennessee non-profit corporation originally formed in December 1987 under the name Jesse Holman Jones Hospital.
- The hospital's total licensed bed complement consists of 109 licensed hospital beds as follows: 90 medical, 6 ICU/CCU, 8 neonatal and 5 adult psychiatric. Of the 109 licensed beds, 75 are presently staffed.
- Review of the CY2013 Joint Annual Report maintained by the Tennessee Department of Health revealed that 66 beds were staffed in calendar year (CY) 2013. Based on 14,987 total inpatient days, NMC's licensed and staffed hospital bed occupancy was 38% and 62%, respectively, during the period.
- As noted on page 21 of the application, NMC reports a 34% licensed bed occupancy in 2014 and expects it to remain at 34% in 2015.

The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

*Licensed Beds - The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).*

*Staffed Beds - The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.*

**Note Agency Members:** *The applicant identified 4 urgent care centers located within 4-7 miles of the proposed satellite ED. For more details about the 4 centers, such as staffing and types of health insurance accepted, please see the table on page 13 of Supplemental 1. Please also see page 20 of Supplemental 1 for a brief description of the differences between a satellite ED and an urgent care center and a comparison of major clinical conditions treated by both types of providers. A Certificate of Need is not required for an urgent care center.*

#### **Facility Information**

- The total square footage of the proposed new 1-story building is 10,700 square feet. A floor plan drawing is included in the attachments to the application.
- The proposed ED will contain a lab, 8 treatment and exam rooms, including 2 large rooms that can be used for trauma patients, 1 behavior room and 5 standard multi-use rooms.
- A main entrance at the front of the building opens to patient reception/registration, family waiting and nurse assessment areas. Separate entrances for ambulance, lab/imaging and facility staff are located on the sides of the building.
- The proposed satellite ED will occupy a 2.8-acre tract of land. The site includes space for a future helicopter pad. A plot plan is included in the attachments.
- Besides the clinical treatment areas, the facility will include a central nurse station with direct observation of the 5 multi-use stations, support spaces, a staff lounge, offices, a decontamination room, a grieving room and a separate waiting area for lab/imaging.
- The proposed satellite ED will be open 24 hours/day, 7 days/week, and 365 days/year.

#### **Project Need**

The rationale for this project provided by the applicant includes the following:

- The applicant estimates demand for additional ED capacity based on approximately 5,663 ED visits by residents of the proposed 7 ZIP code service

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 6**

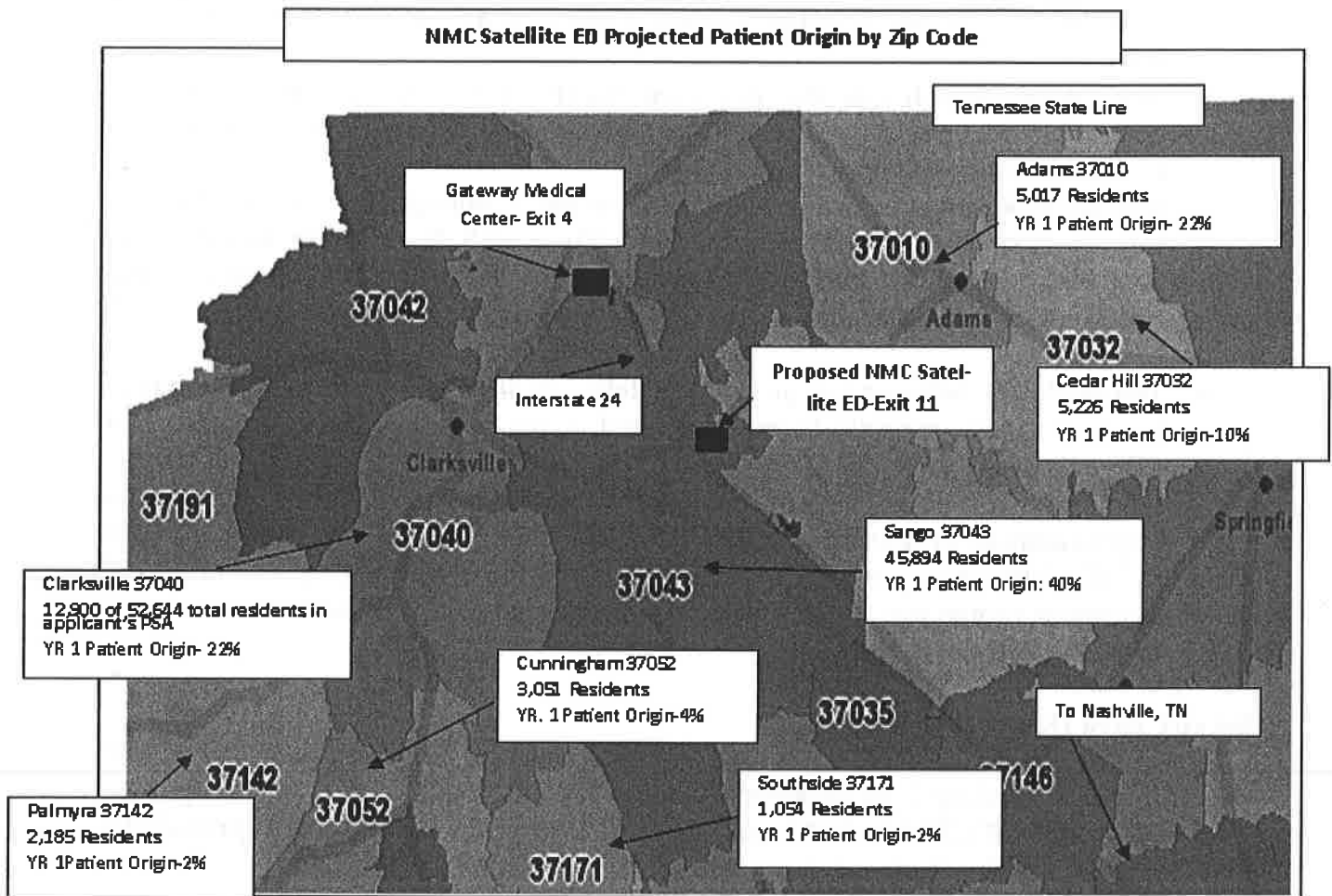
area that travelled to hospitals outside Robertson and Montgomery Counties in 2014.

- The applicant believes the proposed facility will provide better access to emergency services for patients living, working, or driving through areas south of the current hospital location.
- Residents of communities in all or parts of the 5 Montgomery County ZIP code service area south of the Cumberland River will have faster access to the proposed facility by avoiding travel over 1 of 2 existing bridges or avoiding traffic congestion at the Exit 4 area off I-24 in to reach Gateway Medical Center in Clarksville.
- The applicant believes the proposed satellite facility will provide additional ED treatment room capacity to meet demand as measured by approximately 8,498 ED visits in the first year of the project.
- NMC expects utilization of its 18-room main hospital ED to increase by approximately 8.8% from 28,723 visits (1,596 visits/room) in 2014 to 31,263 visits (1,737 visits/room) in 2016. As a result, NMC believes that additional ED treatment rooms are needed to hold the average ED room utilization between 1,500 to 1,600 visits per room.

#### **Service Area Demographics**

The primary service area (PSA) of the proposed satellite ED consists of 7 ZIP code communities, including 2 in Robertson County (37010, 37032) and 5 in Montgomery County (37040, 37043, 37052, 37142 and 37171). A map of the service area is provided in Attachment C.3 of the application.

- The total population of the 7 ZIP code PSA is approximately 72,712 residents or 28% of the 262,505 combined population of Robertson County (71,437) and Montgomery County (191,068).
- The population of the 2 counties is expected to increase by 6.2% from 276,505 residents in calendar year CY2015 to 278,772 residents in CY2019.
- The overall statewide population is projected to grow by 3.7% from CY2015 to CY2019.
- The latest 2015 percentage of the 2 counties population enrolled in the TennCare program is 16.3% in Montgomery County and 18.3% in Robertson County compared to 21% statewide.



The map above identifies the location of the proposed satellite ED in zip code 37043 (Sango Community, Montgomery County) and its 7-ZIP code primary service area. Residents of the applicant's proposed service area are expected to account for approximately 8,498 ED visits at the proposed facility in Year 1. As such, patient origin by ZIP code reflects the following:

- Use by residents of ZIP code 37043 (Sango, TN) is the highest projected patient origin at 3,390 or 40% of total ED visits.
- ZIP Code 37010 (Adams) is the second highest at 1,865 or 22% of total ED visits.
- Portions of ZIP code 37040 (Clarksville, TN) located in the applicant's PSA have the third highest projected patient origin of 2,297 or 22.3% of total ED visits.
- ZIP Code 37042 (Clarksville, TN) has the third highest projected patient origin of 1,453, or 14.1% of total ED visits.

The tables below illustrate some of the demographic features of the applicant's proposed service area.

**NorthCrest Medical Center Satellite Emergency Department**

CN1507-028

October 28, 2015

Page 8

**7 ZIP Code Service Area of Proposed Satellite ED**

	<b>Sango 37043 (site of proposed ED)</b>	<b>Clarksville 37040</b>	<b>Cunningham 37052</b>	<b>Palmyra 37142</b>	<b>Southside 37171</b>	<b>Adams 37010</b>	<b>Cedar Hill 37032</b>
<b>Applicant's Projected Patient Origin</b>	40%	21%	4%	3%	2%	22%	10%
<b>Applicant's Current Patient Origin (Main ED)</b>	1.0%	1.0%	0.01%	0.04%	0.0%	2.3%	5.48%
<b>2015 Projected Population</b>	45,894	12,455 of 44,294*	2,945	2,109	1,017	5,044	4,843
<b>Population Growth since 2010</b>	11%	11%	11%	11%	11%	8%	8%
<b>Median Household Income</b>	\$57,443	\$44,843	\$55,577	\$63,350	\$43,214	\$80,673	\$49,107
<b>TennCare *(ED 2013 Payor Mix-TDH Hospital Discharge Data Report)</b>	10.1%	14.8%	16.2%	19%	23.4%	17.5%	30.5%
<b>Medicare *(ED 2013 Payor Mix-TDH Hospital Discharge Data Report)</b>	19.4%	12.8%	22.1%	16.2%	20.5%	14%	14.4%
<b>Private Insurance *(ED 2013 Payor Mix-TDH Hospital Discharge Data Report)</b>	43.5%	32.9%	29.9%	29.3%	22.9%	47%	33%
<b>Median Home Price</b>	\$173,300	\$140,700	\$155,100	\$151,500	\$79,800	\$242,400	\$169,400
<b>Persons Below Poverty Level</b>	12.2%	20.4%	5.4%	11.5%	20.9%	9.0%	11.5%
<b>Unemployment Rate</b>	7%	11.8%	5.1%	1.4%	3.9%	3.8%	9.4%

*\*Note: Population is based on parts of the Clarksville ZIP Code community (37040) that falls within the applicant's proposed primary service area. Sources; US Census Bureau- American FactFinder, 2009-2013 Community Survey, original application page 17 and Supplemental 1 page 15*

**2 County Service Area**

<b>Demographic Feature</b>	<b>Montgomery County</b>	<b>Robertson County</b>	<b>Tennessee</b>
<b>2015 Population</b>	191,068	71,437	6,649,438
<b>2019 Population</b>	203,460	75,312	6,894,997
<b>Median Age</b>	30.1	38.1	38.2
<b>Median Household Income</b>	\$49,617	\$52,792	\$44,298
<b>TennCare Enrollees As a % of Population</b>	16.2%	18.3%	21.0%
<b>Median Home Value</b>	\$141,800	\$153,300	\$139,200
<b>Population Below Poverty level (2014)</b>	16.4%	13%	17.6%
<b>Unemployment Rate</b>	10.3%	9.4%	10.1%

*Sources: TDH Population Projection Data Files, TennCare Bureau website; Census Bureau Quickfacts*

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 9**

The table below identifies ED visits in 2013 at Tennessee hospitals by residents of the 7-ZIP code primary service area (PSA) based on data from the TDH hospital discharge data system. The applicant's projected utilization in Year 1 (2017) is illustrated at the bottom row of the table.

**Hospital ED Utilization by Residents of Applicant's Proposed 7-ZIP Code PSA, 2013**

Hospital ED	County	*Total Resident ED Visits 2013	Total Hosp ED Visits 2013	Resident ED Visits as % of Total Hospital ED Visits	Hospital Market Share in Service Area
Gateway	Montgomery	25,563	63,561	40.2%	79.9%
NorthCrest	Robertson	2,127	25,710	8.3%	6.7%
Houston Community	Houston	408	5,076	8.0%	1.3%
Ashland City	Cheatham	281	11,201	2.5%	0.9%
Vanderbilt	Davidson	1,558	119,225	1.3%	4.9%
Horizon	Dickson	344	36,284	1.0%	1.1%
St. Thomas West	Davidson	317	33,006	1.0%	1.0%
Skyline	Davidson	298	54,598	0.5%	0.9%
Centennial	Davidson	264	48,146	0.5%	0.8%
St. Thomas Midtown	Davidson	193	51,643	0.4%	0.6%
Summit	Davidson	77	50,384	0.2%	0.2%
Southern Hills	Davidson	37	41,495	0.1%	0.1%
Metro General	Davidson	36	36,536	0.1%	0.1%
Other TN Hospitals	All Other TN Counties	481			
<b>Total</b>		<b>31,984</b>			
<b>Satellite ED Visits-YR 1</b>		<b>8,498</b>			

Sources: Tennessee Department of Health, 8/21/15 data request using hospital discharge data system; limited to CPT Codes 99281-99285. Applicant's projected YR 1 satellite ED visits page 15, Supplemental 1.

\*Does not include emergency department visits to Kentucky or any other out-of-state hospital emergency department.

The table above reflects the following:

- There were 31,984 total ED visits by residents of the 7 ZIP code PSA at Tennessee hospitals in 2013.
- Hospital EDs used the most by residents of the 7 ZIP code PSA in 2013 included Gateway Medical Center (79.9% of 31,984 total PSA resident visits) and NorthCrest Medical Center (6.7% of 31,984 total PSA resident visits). Approximately 2,780 or 8.7% of the residents went to Davidson County hospitals

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 10**

for ED visits, the majority of which went to Vanderbilt University Medical Center.

- 40.2% of ED visits at the Gateway ED were from residents of the proposed service area and 8.3% of Northcrest ED visits were from residents of the proposed service area.
- If approved, the applicant estimates that residents of the 7 ZIP code PSA could have approximately 8,498 ED visits at the proposed satellite ED in Year 1. This calculates to approximately 27% of their 31,984 ED visits at all hospitals in TN in 2013.

*Note to Agency members: HSDA staff reviewed patient origin and patient destination data for the individual ZIP Codes of the 7 ZIP Code area and determined the following:*

- *37010-Adams—503 of 1,162 residents or 43.3% went to the Gateway ED. 487 or 41.9% of the residents went to the Northcrest ED.*
- *37032-Cedar Hill—1,302 of 1,782 residents or 73.1% went to the Northcrest ED, 117 or 6.6% went to the Vanderbilt ED, and 111 or 6.2% went to the Gateway ED.*
- *37040-Clarksville—17,228 of 17,445 residents or 98.8% went to the Gateway ED, 679 or 3.9% went to the Vanderbilt ED, and 186 or 1.1% went to the Northcrest ED.*
- *37043-Sango (Project Location) —8,135 of 9,733 residents or 83.6% went to the Gateway ED, 601 or 6.2% went to the Vanderbilt ED, 161 or 1.7% went to the Ashland City ED, 152 or 1.6% went to the St. Thomas West ED, and 141 or 1.4% went to the Northcrest ED.*
- *37052-Cunningham—460 of 760 residents or 60.5% went to the Gateway ED, 129 or 17.0% went to the Horizon ED, 93 or 12.2% went to the Houston Community ED, and 7 or 0.9% went to the Northcrest ED.*
- *37142-Palmyra—434 of 717 residents or 60.5% went to the Gateway ED, 200 or 27.9% went to the Houston Community ED, and 4 or 0.6% went to the Northcrest ED.*
- *37171-Southside—221 of 385 residents or 57.4% went to the Gateway ED, 88 or 22.9% went to the Horizon ED, and 0 went to the Northcrest ED.*

The applicant provided patient origin by zip code of residence for the NMC's main ED in 2014 and the proposed satellite ED in Year 1 as summarized in the table below.

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 11**

**NMC Main ED and Proposed Satellite ED Utilization by Residents of 7 ZIP Code PSA**

NMC Main ED Dept. Patient Origin, 2014			NMC Satellite ED Patient Origin, YR 1		
ZIP Code	2014	% of total	ZIP Code	YR 1 2017	% of total
37010	647	2.25%	37010	1,865	21.9%
37032	1,576	5.48%	37032	809	9.5%
37040	297	1.03%	37040	1,744	20.5%
37043*	274	0.95%	37043	3,390	39.9%
37052	3	.01%	37052	3,051	3.9%
37142	12	.04%	37142	224	2.6%
37171	1	-----	37171	139	1.7%
Sub-Total	2,810	9.8%	Subtotal PSA	8,498	100%
Other	25,913	90.2%	(Other <5%)	Not Projected	Not Projected
Total	28,723	100%	Total	8,498	100%

*\*Note: ZIP code 37043 (Sango) is the site of NMC's proposed satellite ED. The applicant's patient origin data for 2014 is different from the data illustrated in the second table on page 9 of the staff summary using patient origin data provided by TDH on 8/21/15.*

*Sources: Application, page 20 and Supplemental 1, page 15.*

- Approximately 9.8% of the patients treated at the main ED in 2014 resided in the 7 ZIP codes that comprise the primary service area of the proposed NMC satellite ED.
- The applicant expects residents of 37043 zip code (Sango) will account for approximately 39.9% of the satellite ED's 8,498 total ED visits in the first year of the project.

NMC's top Tennessee ZIP codes regarding resident ER visits are displayed in the table below:



### NMC's 2013 ER Encounters, Ranked by Resident Tennessee ZIP Codes

Resident ZIP Code	ER Encounters	%Total	Cumulative %Total
37172-Springfield	12,830	55.0%	55.0%
37073-Greebrier	2,860	12.3%	67.3%
<b>37032-Cedar Hill</b>	<b>1,302</b>	<b>5.6%</b>	<b>72.9%</b>
37146-Pleasant View	773	3.3%	76.2%
37049-Cross Plains	712	3.1%	79.2%
37080-Joelton	680	2.9%	82.2%
37072-Goodlettsville	635	2.7%	84.9%
37188-White House	585	2.5%	87.4%
<b>37010-Adams</b>	<b>487</b>	<b>2.1%</b>	<b>89.5%</b>
37015-Ashland City	415	1.8%	91.3%
Other Zip Codes*	2,038	8.7%	100.0%
Total	23,317	100.0%	100.0%

Source: HDDS limited to CPT Codes 99281-99285. It appears that out-of-state ZIP Codes are also excluded.

- Based on the chart above NMC's top ten ZIP Codes account for over 90% of ED visits in 2013.
- Two of the ten top ZIP Codes (highlighted in bold in the table) are in the applicant's proposed ZIP Code service area for the satellite ED

### Historical and Projected Utilization

The applicant and Gateway Medical Center provide emergency services on their hospital campuses in Springfield and Clarksville. Utilization is shown in the table below.

**Hospital ED Utilization in Applicant's Service Area, 2012-2014**

Hospital	2012	2013	2014*	% change '12-'14	ED Rooms	ED Visits/Room (2014)
NorthCrest.	28,617	28,229	28,723	0.4%	18	1,596
Gateway	66,288	63,966	63,693	-3.9%	40	1,592

\*Note: 2014 utilization was provided in the CON applications of both hospitals. The applications are scheduled for simultaneous review at the 10/28/15 Agency meeting.

NorthCrest Medical Center Satellite Emergency Department

CN1507-028

October 28, 2015

Page 13

The applicant's historical and projected utilization is shown in the table below:

**Applicant's Emergency Department Utilization, 2012-Year 1 (2017)**

ED	2012	2013	2014	2015 (estimated)	% Change '12-'15	2016	2017 YR 1	2018 YR 2
Main Campus ED	28,617	28,229	28,723	30,352	6.1%	31,263	29,901	29,901
Proposed Satellite ED							8,498	9,602
Total Visits	28,617	28,229	28,723	30,352	6.1%	31,263	38,399	39,503
Rooms	18	18	18	18		18	26	26
Visits/Room*	1,590	1,568	1,596	1,686		1,737	1,477	1,519

\*ACEP utilization standard is 1,500 visits per treatment room

The table above reflects the following:

- Utilization of the Main ED was relatively unchanged from 2012-2014. However, the applicant expects 30,352 ED visits by year end 2015 which would result in a 6% increase from 2012.
- By Year 2 of the proposed project, the applicant expects total Northcrest ED visits to be at 39,503, approximately a 30% increase from the 2015 Northcrest estimated ED visits of 30,352.
- The applicant projects a 13% increase in the proposed Satellite ED's utilization from 8,498 in Year 1 (2017) to 9,602 in Year Two (2018).
- The combined utilization of the main ED in Springfield and the proposed satellite facility in Clarksville is expected to increase by approximately 2.8% in from Year 1 to Year 2 of the project.
- The applicant's main ED exceeded the American College of Emergency Physician guideline (ACEP) of 1,500 ED visits/room from 2012-2014, averaging approximately 106% per year during the period.
- NMC's projected 18-room main ED utilization in Year 1 and Year 2 is 29,901 ED visits, averaging 1,611/room or approximately 111% of the ACEP guideline.
- During ramp-up of the proposed 8-room satellite ED, projected utilization is 8,498 visits in Year 1 (1,062 visits/room) increasing to 9,602 visits/room (1,200/room) in Year 2 or 80% of the ACEP guideline.
- The combined utilization of both ED facilities is 39,503 total visits (1,519 visits/room) in Year 2 or approximately 101% of the ACEP 1,500/room guideline.

The applicant also provided clarification regarding projected utilization by level of care of the proposed satellite ED on page 15 of Supplemental 1. Definitions of same can be found in the original application attachment labeled Visit Levels Chart (Section C,

Economic Feasibility, Item 1). A comparison of levels of care between NMC's main ED and the proposed satellite ED is shown in the table below.

**NorthCrest Medical Center ED Utilization by Level of Care**

Level of Care	Main ED	as a % of total	Satellite ED Year 1	as a % of total
	<b>2014</b>		<b>2017</b>	
Level I	44	1%	14	1%
Level II	2,881	10%	720	9%
Level III	7,790	27%	2,788	33%
Level IV	6,937	24%	2,220	26%
Level V	10,891	38%	2,756	31%
Total	28,723	100%	8,489	100%

Source: CN1507-028, Supplemental 1

The table above reflects the following:

- There is relatively little difference between patient emergency conditions treated at both ED sites.
- More severe and complex clinical conditions (Levels 4 and 5) appear to account for approximately 59% of patient visits at both the main ED and the proposed satellite ED visits in Year 1.

### **Project Cost**

Major costs are:

- Construction Cost (including contingency), \$4,042,425, or 58.6% of the total cost.
- Site acquisition, \$575,000, or 8.3% of total cost
- Fixed equipment, \$635,000, or 9.2% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 23 of the application.
- The applicant's construction cost is above the 3<sup>rd</sup> quartile cost (\$298.66/SF) for statewide hospital construction projects from 2012-2014.

### **Financing**

NMC anticipates leasing the proposed facility from a group of investors who will purchase the property and manage the development of the project. A June 10, 2015 letter from Kim Pridgen, Chief Financial Officer of NorthCrest Medical Center, confirms that the hospital has sufficient cash reserves to fund the proposed project.

The applicant submitted audited financial statements of NorthCrest Medical Center for NMC's 2 most recent fiscal year periods. Review of the Consolidated Financial Statements revealed cash and cash equivalents of \$3,991,923, current assets of \$25,337,532 and current liabilities of \$8,615,831, resulting in a favorable ratio of 2.9 to 1.0 for the fiscal year ending June 30, 2014.

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 15**

*Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.*

### Historical Data Chart

#### **NMC Hospital Emergency Department**

- According to the Historical Data Chart provided in Supplemental 1, net operating income less capital expenditures (NOI) of NMC's Emergency Department was favorable for each of the 3 most recent fiscal year (FY) periods as follows: \$4,123,418 in FY12; \$4,622,658 in FY13; and \$5,549,527 in FY 14.
- NOI averaged approximately 12% of annual gross operating revenues from FY2012-FY2014.
- NOI increased by approximately 34.5% from \$4,123,418 in FY12 to \$5,549,527 in FY14.

#### **NorthCrest Medical Center (Entire Hospital)**

- According to the Historical Data Chart in the original application, NMC experienced unfavorable net operating income less capital expenditures for each of the 3 most recent fiscal years as follows: (\$1,384,662) in FY12; (\$1,110,506) in FY13; and (\$411,425) in FY14.
- Despite the losses noted above, NOI performance could be considered favorable if excluding depreciation as an indirect operating expense (average of \$4,226,994/year from FY12-FY14). As a result, the hospital's "adjusted" NOI before depreciation was approximately \$3,261,463/year during the 3 fiscal year periods.

### Projected Data Chart

A Projected Data Chart was provided for the proposed satellite ED in the application. Additionally, a consolidated Projected Data Chart for the main hospital ED and satellite ED was provided in Supplemental 1. Both charts demonstrate favorable net operating income performance as a result of the project. Highlights of the financial performance of the project are shown in the table below:

**NMC Emergency Departments' Historical and Projected Financial Performance**

<b>Projected Fiscal Performance</b>	<b>Main ED 2014</b>	<b>Proposed Satellite ED Year 1 (2017)</b>	<b>Combined Year 1 (2017)</b>	<b>Combined Year 2 (2018)</b>	<b>% Change 2014- 2018</b>
ED Visits	28,723	8,498 visits	38,399 visits	39,503 visits	37.5%
Gross Operating Revenue	\$40,746,905	\$11,735,680	\$40,775,805	\$56,191,237	37.9%
Average Gross Charge	\$1,419/visit	\$1,381/visit	\$1,381/visit	\$1,422/visit	No Change
Charity (# estimated ED visits)	\$1,629,876 (1,150 visits)	\$352,070 (255 visits)	\$2,003,802 (1,451 visits)	\$2,111,058 (1,485 visits)	29.6%
Net Operating Revenue	\$8,964,319	\$3,168,633	\$12,253,155	\$13,405,030	49.5%
Operating Expenses	\$3,414,792	\$3,031,781	\$6,771,607	\$7,295,526	114%
Net Operating Income	\$5,549,527	\$136,852	\$5,481,548	\$5,749,504	3.6%
NOI as a % of Gross Operating Revenue	13.6%	1.2%	13.4%	10.2%	

The table reflects the following:

- Net operating income less capital expenditures for the emergency department as a whole is expected to increase by 3.6% from \$5,549,527 in FY14 to approximately \$5,749,504 in Year 2 (FY18) of the project.
- Net operating revenue after bad debt, charity care, and contractual adjustments amounts to approximately 10.2% of total gross operating revenue in Year Two, from 13.6% in FY14.
- HSDA staff estimated Charity Care ED visits by determining the product of total gross revenue divided by the average gross charge for 1 ED visit. Using this formula, NMC's emergency department may provide a combined total of approximately 1,451 ED visits to charity care patients in Year 1 of the project (2017), from 1,150 visits in FY14.
- For additional information, please refer to page 28 of the original application and the Consolidated Projected Data Chart provided in the attachments to Supplemental 1.

### **Charges**

In Year One of the proposed project, the average emergency room gross charges for NMC's emergency department as a whole are as follows:

- The proposed average gross charge is \$1,381/ ED visit in 2017 increasing by approximately 3% to \$1,422/visit in 2018.

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 17**

- The average net charge is \$319/ED visit in 2017 after deductions for contractual adjustments, charity and bad debt (approximately \$1,061/ED visit).

#### Medicare/TennCare Payor Mix

- TennCare- The projected TennCare gross revenue of the proposed satellite ED is \$4,107,488 in Year 1 (35% of total gross operating revenue).
- Medicare- The projected Medicare gross revenue of the satellite ED is \$1,882,324 in Year 1 (16% of total gross revenue).
- For more information about the payor mix profile of the proposed satellite ED, please see the table on page 18 of Supplemental 1.

#### Staffing

The applicant's projected full time equivalent (FTE) direct patient care staffing for the proposed satellite ED in Year 1 and the current staffing of the main ED is shown in the table on page 22 of Supplemental 1. The applicant states that pharmacy, lab and clerical staffing support for the satellite ED will be provided by staff located at the main ED in Springfield. The staffing of the proposed satellite ED is shown in the table below.

<b>NMC Satellite ED Direct Patient Care Staffing, Year 1</b>	
<b>Position Type</b>	<b>Proposed Satellite ED Year1</b>
Emergency Medicine Physicians	4.2
Nurse Practitioner	2.1
Registered Nurses	10.5
EVS Tech	4.2
Radiology Tech	4.2
ED Nurse Tech	4.2
Security	4.2
<b>Total</b>	<b>33.6</b>

Source: CN1507-027

*Note to Agency members: Per clarification provided on page 5 of Supplemental 1, emergency medicine physicians and nurse practitioners of CEP America will staff the proposed ED through an existing contractual arrangement with NMC. Review of CEP America's website revealed that the company was founded in 1975 by emergency medical physicians and is based out of Emeryville, California. CEP America has approximately 1,900 physician partners and 950 Nurse Practitioners/Physician Assistants. Services include clinical support for hospital EDs, hospital medicine services, hospital outpatient departments and skilled nursing facilities, among other types of provider settings. The company presently serves 101 hospital emergency departments in 8 states, including the applicant's emergency department in Springfield, Tennessee.*

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 18**

**Licensure/Accreditation**

NMC has an active license issued by the Tennessee Department of Health, Division of Health Care Facilities that will expire on July 2, 2016.

NMC is accredited by The Joint Commission. A copy of the June 4-7, 2013 accreditation survey is provided in the attachments to the original application.

*Corporate documentation, real estate deed information, performance improvement plan, utilization review plan, and patient bill of rights are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in three years.

**CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT**

There are no other Letters of Intent, denied or pending applications for this applicant.

**Outstanding Certificates of Need**

**NorthCrest Medical Center, CN1504-013A**, has an outstanding Certificate of Need that will expire on October 1, 2018. The project was approved at the August 26, 2015 Agency meeting for the initiation of mobile PET services limited to three one-half days per week on its existing outpatient campus under the hospital's license. The estimated project cost is \$187,500.00. *Project Status update: The project was recently approved.*

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no other Letters of Intent, denied applications, or outstanding Certificate of Needs for other health care organizations in the service area proposing this type of service.

**Pending Applications**

**Gateway Medical Center Satellite Emergency Department at Sango, CN1507-027**, has a pending application that will be reviewed simultaneously with **NorthCrest Medical Center, CN1507-028**, at the October 28, 2015 Agency meeting. The applicant is seeking Certificate of Need approval for the construction and establishment of a satellite emergency department at an unaddressed site on the north side of Highway 76, approximately 1,400 feet east of I-24 at Exit 11 in Montgomery County, Tennessee, 37040. The proposed facility will be operated under the license of Gateway Medical Center and will have 8 treatment rooms providing Levels I through V emergency treatment services. The facility will also provide ancillary services, including, medical

**NorthCrest Medical Center Satellite Emergency Department**

**CN1507-028**

**October 28, 2015**

**Page 19**

lab, CT, X-Ray and Ultra-Sound, at a minimum. The project involves no new licensed inpatient hospital beds, no new healthcare services being initiated and no major medical equipment. The estimated project cost is **\$11,000,000.00**.

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PJG  
(10/01/2015)



# LETTER OF INTENT



22

**State of Tennessee  
Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364 Fax: 615-741-9884

**LETTER OF INTENT**

The Publication of Intent is to be published in the The Leaf Chronicle  
(Name of Newspaper)  
which is a newspaper of general circulation in the county of: Montgomery

Tennessee, on or before July 10, 20 15 for one day.  
(Month/Day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NorthCrest Medical Center  
(Name of Applicant)

Hospital  
(Facility Type-Existing)

owned by: NorthCrest Medical Center with an ownership type of nonprofit corporation

and to be managed by: Satellite ED, LLC intends to file an application for a Certificate of Need

for the establishment of a satellite emergency department facility to be located at a  
currently unnamed street address with the closest cross streets being Gateway Plaza Boulevard and TN Highway 76,  
Clarksville, Montgomery County, Tennessee 37043. The project will be a satellite emergency department of NorthCrest  
Medical Center, an acute care hospital with 109 licensed beds. The cost of this project is expected to be less than \$6,900,000.  
The satellite emergency department will have eight treatment rooms and will provide emergency diagnostic and treatment  
services. The project does not contain major medical equipment or initiate or discontinue any other health service or affect  
the hospital's licensed bed complement.

The anticipated date of filing the application is: July 15, 20 15

The contact person for this project is Kim H. Looney, Esq. Attorney  
(Contact Name) (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP 511 Union Street, Suite 2700  
(Company Name) (Address)

Nashville TN 37219 615 / 850-8722  
(City) (State) (Zip Code) (Area Code) (Phone Number)

Kim H. Looney  
(Signature)

7-10-15  
(Date)

Kim.Looney@wallerlaw.com  
(Email-Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF51 (revised 01/09/2013 – all forms prior to this date are obsolete.)

**COPY**

**-Application**

**NorthCrest**

**Medical Center**

**CN1507-028**

1. **Name of Facility, Agency, or Institution**

NorthCrest Medical Center

Name

100 NorthCrest Drive

Street or Route

Springfield

City

TN

State

Robertson

County

37172

Zip Code

2. **Contact Person Available for Responses to Questions**

Kim Harvey Looney

Name

Waller Lansden Dortch &amp; Davis LLP

Company Name

511 Union Street; Suite 2700

Street or Route

Nashville

City

TN

State

37219

Zip Code

Attorney

Title

kim.looney@wallerlaw.com

Email address

Attorney

Association with Owner

615-850-8722

Phone Number

615-244-6804

Fax Number

3. **Owner of the Facility, Agency or Institution**

NorthCrest Medical Center

Name

100 NorthCrest Drive

Street or Route

Springfield

City

TN

State

615-384-1501

Phone Number

Robertson

County

37172

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

☐

B. Partnership

☐

C. Limited Partnership

☐

D. Corporation (For Profit)

☐

E. Corporation (Not-for-Profit)

☒F. Government (State of TN  
or Political Subdivision)☐

G. Joint Venture

☐

H. Limited Liability Company

☐

I. Other (Specify)

☐

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

**Response:** Please see corporate documents included as Attachment A-4.

5. **Name of Management/Operating Entity (If Applicable)**

Satellite ED, LLC

Name

100 NorthCrest Drive

Street or Route

Springfield

City

TN

State

Robertson

County

37172

Zip Code

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

**Response:** Please see corporate documents included as Attachment A-5.

6. **Legal Interest in the Site of the Institution (Check One)**

A. Ownership

B. Option to Purchase

C. Lease of \_\_\_\_\_ Years

D. Option to Lease

E. Other (Specify) \_\_\_\_\_

☒

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

**Response:** Please see copy of option to purchase included as Attachment A-6.

7. **Type of Institution (Check as appropriate--more than one response may apply)**A. Hospital (Specify) ☒B. Ambulatory Surgical Treatment  
Center (ASTC), Multi-Specialty

C. ASTC, Single Specialty

D. Home Health Agency

E. Hospice

F. Mental Health Hospital

G. Mental Health Residential  
Treatment FacilityH. Mental Retardation Institutional  
Habilitation Facility (ICF/MR)

I. Nursing Home

J. Outpatient Diagnostic Center

K. Recuperation Center

L. Rehabilitation Facility

M. Residential Hospice

N. Non-Residential Methadone  
Facility

O. Birthing Center

P. Other Outpatient Facility  
(Specify) Satellite ED

Q. Other (Specify) \_\_\_\_\_

☒8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

A. New Institution

B. Replacement/Existing Facility

C. Modification/Existing Facility

D. Initiation of Health Care

Service as defined in

TCA § 68-11-1607(4)

(Specify) ER Service at new location ☒

E. Discontinuance of OB Services

F. Acquisition of Equipment

G. Change in Bed Complement

[Please note the type of change  
by underlining the appropriate  
response: Increase, Decrease,  
Designation, Distribution,  
Conversion, Relocation]

H. Change of Location

I. Other (Specify) Satellite ED☒

9. **Bed Complement Data**

*Please indicate current and proposed distribution and certification of facility beds.*  
**Response:**

Beds at	Current Beds		Staffed		TOTAL Beds
	Licensed	*CON	Beds	Proposed	Completion
A. Medical	<u>90</u>	<u>N/A</u>	<u>51</u>	<u>N/A</u>	<u>90</u>
B. Surgical	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
C. Long-Term Care Hospital	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
D. Obstetrical	<u>      </u>	<u>      </u>	<u>9</u>	<u>      </u>	<u>      </u>
E. ICU/CCU	<u>6</u>	<u>N/A</u>	<u>6</u>	<u>N/A</u>	<u>6</u>
F. Neonatal	<u>8</u>	<u>N/A</u>	<u>4</u>	<u>N/A</u>	<u>8</u>
G. Pediatric	<u>      </u>	<u>      </u>	<u>5</u>	<u>      </u>	<u>      </u>
H. Adult Psychiatric	<u>5</u>	<u>N/A</u>	<u>0</u>	<u>N/A</u>	<u>5</u>
I. Geriatric Psychiatric	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
J. Child/Adolescent Psychiatric	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
K. Rehabilitation	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
L. Nursing Facility (non-Medicaid Certified)	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
M. Nursing Facility Level 1 (Medicaid only)	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
N. Nursing Facility Level 2 (Medicare only)	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
P. ICF/MR	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Q. Adult Chemical Dependency	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
R. Child and Adolescent Chemical Dependency	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
S. Swing Beds	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
T. Mental Health Residential Treatment	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
U. Residential Hospice	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>TOTAL</b>	<u>109</u>	<u>N/A</u>	<u>75</u>	<u>N/A</u>	<u>109</u>

\*CON-Beds approved but not yet in service

10. **Medicare Provider Number** 440065  
**Certification Type** Hospital

11. **Medicaid Provider Number** 440065  
**Certification Type** Hospital

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?**  
**Response:** N/A

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.**  
**Response:** The applicant has a contract with all TennCare MCOs in our area.

**Discuss any out-of-network relationships in place with MCOs/BHOs in the area.**  
**Response:** N/A

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

**Response:** Please see Executive Summary included as Attachment B-I.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

**Response:** NorthCrest Medical Center is a 109-bed non-profit community hospital located in Springfield, Robertson County, just off U.S. Hwy. 431, approximately 30 miles north of Nashville. It serves a rural population. NorthCrest Medical Center is a 501(c)(3) facility and is the only hospital in Robertson County. NorthCrest also provides medical services to residents of surrounding areas, including portions of Montgomery County. NorthCrest Medical Center is part of the Vanderbilt Health Affiliated Network.

NorthCrest has been recognized each of the last four (4) years as a Top Performer by The Joint Commission on certain key quality measures, including heart attack, heart

failure, pneumonia and surgical care. It also has received a Hospital Safety Score from the Leapfrog Group of an A; less than 40% of hospitals in Tennessee received an A score. For a more complete list of awards and recognition, please see Attachment B-II-A.

The proposed satellite emergency department will operate as an outpatient department of NorthCrest. It will be a full service emergency department, operating seven days a week, 24 hours a day. It will be staffed by physicians who are Board Certified in Emergency Medicine and have met the NorthCrest credentialing standards, ensuring that these physicians will be providing the same clinical competencies as those who provide services at the primary ED at NorthCrest. It will also have the same State classification for licensure purposes as the primary ED on the main hospital campus.

The application also provides for a management entity, Satellite ED, LLC. At the present time, NorthCrest is the sole member of that entity. NorthCrest may decide in the future to joint venture the management function of the satellite ED, and the inclusion of this entity gives them the flexibility to do so.

The satellite ED will be located in a one-story, 10,700 square foot facility with 8 treatment/ exam rooms, including 2 oversized treatment rooms, 1 behavioral exam room and 5 standard multiuse treatment rooms. The treatment rooms will be fully equipped and supplied to care for adult and pediatric patients. The ancillary services provided will include CT, ultrasound, lab, and X-ray, to support the emergency care provided. In addition to the clinical treatment areas, the facility will include support spaces, staff bathrooms, a lounge/break room, and offices.

The construction costs for the satellite ED are estimated to be \$3,477,500, or \$325 per square foot. These costs are very similar to other satellite ED projects in Tennessee, as discussed in response to question 3 under Economic Feasibility.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

**Response:** Not applicable.





C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

**Response:** NorthCrest is not seeking the addition of any of the services identified above. NorthCrest already provides emergency services at its main hospital location in Robertson County.

D. Describe the need to change location or replace an existing facility.

**Response:** Not applicable.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

1. Total cost; (As defined by Agency Rule).
2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

**Response:** Not applicable.

b. Provide current and proposed schedules of operations.

**Response:** Not applicable.

2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost.
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.

**Response:** Not applicable.

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

**Response:** Not applicable.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.***

**Response:** Please see plot plan included as Attachment A-III(A).

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**Response:** The proposed location is at the intersection of I-24 and Tennessee Highway 76. Tennessee Highway 76 is a major thoroughfare in the area. The street is unnamed, but the closest cross streets are Tennessee Highway 76 and South Gateway Plaza.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

**Response:** Please see floor plan included as Attachment A-III (B)-1.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;

3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

**Response:** Not applicable.

### **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

### **QUESTIONS**

#### **NEED**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.
  - b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

**Response:** Please see below for responses that address need, economic feasibility and contribution to the orderly development of health care.

#### **NEED**

1. NorthCrest has an established presence in the proposed service area. It currently receives patients from several zip codes in Montgomery County. NorthCrest operates NorthCrest Specialty Clinic, which is located less than a mile from the proposed satellite facility. The NorthCrest Specialty Clinic provides ENT, orthopedic and general and vascular surgery services. The clinic has 5 physicians and mid-levels serving both Robertson County and Montgomery County residents.

The proposed site is just off I-24 at exit 11. A major interstate, I-24, is just over the western border of Robertson County. If headed in the north direction on I-24, the facility will be on the right side of I-24 a few miles over the Robertson County line in Montgomery County. Clarksville is currently the 5th largest city in the state and has only one emergency department to service the needs of the entire county from one

location. Other comparable areas in Hamilton and Rutherford Counties have 6 and 3 emergency departments respectively. The population growth and location of Gateway in the far northeastern corner of the county, make it imperative for the addition of another emergency facility. The proposed location is closer to the residents of the western portion of Robertson County as well as the residents of the southern portion of Montgomery County. Approval of this application will provide increased access to emergency services, which is very important to the provision of a high quality of medical care.

NorthCrest and Gateway are currently the sole providers for emergency care, and are located in Robertson and Montgomery Counties, respectively. The NorthCrest emergency department is comprised of 18 rooms with an annual volume in 2014 of 28,723 visits. Please note that the utilization numbers for NorthCrest do not match those in the JAR. NorthCrest discovered in the process of preparing this application that the utilization reported in the JAR did not reflect all visits to the ED. Patients who presented to the ED but were later admitted as an inpatient, were not included in the ED visit utilization, as they should have been. NorthCrest is in the process of correcting the JAR data. Included in this application are the accurate ED utilization numbers.

The Gateway emergency department is comprised of 40 rooms with an annual volume in 2013 of 63,185 visits according to its JAR report. A widely used hospital planning standard from the Emergency Department Benchmarking Alliance is 1,500 visits per room. The NorthCrest volume is over that standard, at 1,596 visits per room, and the Gateway volume is also over at 1,580 visits per room. Emergency departments with volumes close to or above this benchmark, as are NorthCrest and Gateway, create overcrowding and undesirable effects.

For example, the chart below shows metrics for emergency departments for NorthCrest, Gateway, and the National Average. It illustrates that the majority of the following metrics for Gateway are above the national averages based on the Medicare Hospital Comparison data.

#### **Average Wait Time and Admission Data**

	<b>NorthCrest</b>	<b>Gateway</b>	<b>National Average</b>
<b>Time to Admit</b>	232 minutes	280 minutes	253 minutes
<b>Time to Be Seen by Provider</b>	20 minutes	29 minutes	58.1 minutes
<b>Time to Room</b>	41 minutes	146 minutes	83 minutes
<b>Percentage of patients that left without being seen</b>	1%	4%	2%

Source: Centers for Medicare & Medicaid Services, Medicare.gov, Hospital Compare.

As the population has grown in the Clarksville area, drive time through the city to the emergency department at Gateway has increased, causing a significant access issue

for emergency care for the people living in the southern portion of Montgomery County. Drive times to the current ED can take anywhere from 30 to 60 minutes for patients in need of emergent care depending on traffic and location. The county residents south of the river, the Sango residents, and the West Robertson County residents would benefit significantly from having faster access to a full-service Emergency Department. At present, there is only one Emergency facility available in Robertson County and one in Montgomery County to meet the need for emergency services for the proposed service area patient population. NorthCrest hopes to decrease the outmigration for emergency department services by giving residents of the service area a more convenient alternative for emergency care. As the table below shows, the outmigration to Davidson County from these service area zip codes is 4,403 patients, while the overall outmigration is 5,663 visits.

Following is a table identifying the number of ED visits and outmigration for residents in the service area zip codes:

**Emergency Department Visits  
2014**

Community Hospitals	Zip Code	NorthCrest	Montgomery County	Davidson County	Cheatham County	Houston County	Dickson County
Cedar Hill	37032	1,576	113	393	52	0	4
Adams	37010	647	497	233	9	1	3
Sango	37043	274	9,575	1,676	200	25	29
Clarksville	37040	297	17,556	1,771	84	106	113
Cunningham	37052	3	572	159	4	123	177
Palmyra	37142	12	484	84	1	181	37
Southside	37171	1	240	87	6	8	97
<b>TOTAL</b>		<b>2,810</b>	<b>29,038</b>	<b>4,403</b>	<b>356</b>	<b>444</b>	<b>460</b>
<b>TOTAL OUTMIGRATION</b>	<b>5,663</b>						

Comparing this service area to others that are comparable in the state, shows that other areas have significantly more resources to provide the necessary emergency care than does this proposed service area. For example, Chattanooga which is the 4th largest city (as compared to Clarksville, which is the 5<sup>th</sup> largest city) has six emergency departments, including a Level 1 Trauma Center at Erlanger. Murfreesboro is the 6th largest city and has three emergency departments to meet the health care needs of its service area residents.

The table below compares the city and county populations for those counties and cities which are comparable to the applicant's proposed service area.

### Comparison of City and County Populations

	2013 City Population	2015 County Population	2019 County Population	Percent Change of County Population	Number of EDs Serving County/City
Montgomery County - Clarksville	142,357	191,068	203,460	6.5	1
Hamilton County - Chattanooga	173,366	349,273	354,610	1.5	6
Rutherford County - Murfreesboro	117,044	302,237	338,904	12.1	3

## CON REVIEW STANDARDS AND CRITERIA -

### CONSTRUCTION, RENOVATION, EXPANSION AND REPLACEMENT OF HEALTH INSTITUTIONS

- Any project that includes the addition of beds, services or medical equipment will be reviewed under the standards for those specific activities.

**Response:** NorthCrest is not adding services, but proposing to expand its emergency department capacity by adding a satellite emergency department. The location of this satellite facility is close to the Robertson County border, off I-24 in Montgomery County. According to *Health Facilities Management*, a magazine published in partnership with the American College of HealthCare Architects, (06.01.13), the following requirements are applicable to the development of a satellite ED, all of which are met in the NorthCrest proposal:

- The site should be in close proximity to interstate interchanges. *The proposed location is close to I-24, a major thoroughfare.*
- The site should be master planned to accommodate incremental expansion in the future if necessary. *NorthCrest has the ability to increase its capacity for the foreseeable future within the scope of the proposed project.*
- Primary care and specialty clinics are closely aligned with stand-alone EDs, thus supporting each other. *NorthCrest Specialty Clinic is located less than a mile away. In addition, other physicians practicing at NorthCrest are supportive of this project because it will allow their patients increased access to an important service, where time is frequently an important factor.*

- For relocation or replacement of an existing licensed health care institution:

- The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

**Response:** Not applicable.

- The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

**Response:** Not applicable.

- For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

**Response:** NorthCrest is currently operating at over 1,500 patients per exam room on an annual basis. Renovation of the existing hospital emergency department is not a viable option, due to space constraints and cost. The benefits of building a satellite ED include quicker access to care resulting from decreased drive time to emergency services for the residents of the service area; better health care outcomes because patients are instructed to go to the closest ED for heart attacks and strokes, and with decreased drive time to the satellite ED, this is made possible; increased patient choice; and the provision of increased charity care and uncompensated care. NorthCrest expects that the existing ED will be able to operate more efficiently as some of the patient population chooses to shift from its facility to the proposed satellite location. Part of NorthCrest's mission as a non-profit hospital is to provide charity medical care in the area in which they provide services. It has budgeted for 3% charity care and 4% bad debt. In addition, approximately 16% of its payer mix is Medicare and another 35% is TennCare.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

**Response:** As demonstrated elsewhere in this application, NorthCrest anticipates building a satellite ED with 8 exam rooms. Expansion of its emergency department services is necessary to meet the needs of area residents and expanding on the existing campus would not allow the needs of these residents to be met as well as the proposed satellite ED, which will allow increased access.

## STATE HEALTH PLAN

Tennessee Code Annotated Section 68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/finance/healthplanning/>). The State Health Plan guides the state in the development of health care programs and policies and in the allocation of health care resources in the state, including the Certificate of Need program. The 5 Principles for Achieving Better Health form the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan. Each Principle is listed below with example questions to help the applicant in its thinking.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

**Response:** The ability to provide emergency department services in the proposed location will enhance the ability of service area residents to receive necessary emergency health care services, closer to home. The provision of the proposed emergency department services will certainly improve the health of Tennesseans over time by allowing these residents faster access to these services. In an emergency situation, time can be a critical factor.

The ability to receive services in a more timely manner will enable health outcomes to improve and increase. Some of the factors that will be reviewed include number of visits per emergency department room, average time spent in the emergency



department waiting for services, and average time after seeing physician prior to any necessary transfer.

The applicant intends to gather the necessary data to compile performance measures and then compare itself to local, state and national averages whenever possible to improve health outcomes.

2. Every citizen should have reasonable access to health care.

**Response:** The approval of this satellite emergency department will improve access for necessary emergency services to residents of certain portions of Robertson and Montgomery Counties. Emergency services require quicker access than other health care services. It provides more convenient access to certain portions of Robertson County residents, who would not have to travel to NorthCrest or travel to other counties to receive emergency services if this satellite emergency department is approved. NorthCrest Medical Center is located in the center part of the county. As Montgomery County has grown, drive times have increased, which makes it more difficult to receive timely access to these emergency services at Gateway. Many Montgomery County residents currently travel outside Montgomery County for emergency care; the proximity of the proposed satellite ED to area residents will increase efficiency and responsiveness. NorthCrest intends to treat all patients, without consideration of ability to pay. The current NorthCrest emergency department has a payer mix of 16% Medicare, 35% TennCare, 3% charity care and 4% bad debt, and the applicant anticipates that it would have roughly that same payer mix at this proposed satellite facility.

Based on the 2013 Joint Annual Report, Gateway Medical Center emergency department has a payer mix of 17% Medicare and 24% TennCare, 3% bad debt and .5% (½ of 1%) charity care.

The applicant plans to have medical records that are integrated with NorthCrest's medical records, increasing the ability for coordination of care. In addition, NorthCrest participates in and conducts health fairs, community screens and outpatient programs such as education on diabetes and lifestyle change classes.

3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.

**Response:** Both patient choice and increased access to health care encourage a competitive market for health care services. The proposed facility is expected to have no significant adverse impact on the provision of services in the service area. Both of the existing emergency departments are operating at capacity. This proposal seeks to reduce patient outmigration by providing an alternative that is more conveniently located to this particular area of Robertson and Montgomery Counties. The ability to provide these services will also increase efficiencies in the provision of the emergency services in that it should help the overcrowded conditions at the existing providers of emergency services in Robertson and Montgomery Counties. Neither of these providers is located in the zip code specific service area identified by NorthCrest.

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

**Response:** NorthCrest will be monitoring the care provided to ensure that any and all necessary standards related to the provision of emergency services are met. NorthCrest has been recognized with an "A" Hospital Safety Score by the Leapfrog Group and named an exemplar hospital by the Institute for Healthcare Improvement. For a more comprehensive list of NorthCrest Awards and Recognition, many of which focus on the quality of services provided at NorthCrest, please see Attachment B-II-A. NorthCrest anticipates bringing this same level of quality to the proposed satellite ED.

As more choices for services are available, quality should increase because of the more competitive nature of the services provided.

5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

**Response:** NorthCrest will need to contract with additional emergency department physicians as well as other personnel. NorthCrest anticipates the following FTEs –10.5 emergency trained RNs and 16.8 support staff for a total of 27.3 FTEs.

This proposal will complement the existing service area services as well as the existing service area workforce in that additional medical personnel will be needed to provide the service, and those practitioners are available. NorthCrest participates in numerous training programs as provided in more detail elsewhere. Such affiliations contribute to the development of a trained health care workforce.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

**Response:** The services provided by NorthCrest and its physicians include portions of Robertson County and Montgomery County. NorthCrest Specialty Clinic is located less than a mile from the proposed satellite facility and provides ENT, orthopedic and general and vascular surgery services. The clinic has 5 physicians and mid-levels serving both Robertson County and Montgomery and residents. The emergency department services at NorthCrest and Gateway are both operating above the capacity of 1,500 per room. It would cost NorthCrest significantly more to expand the capacity at the existing main hospital emergency department than what is projected in this application. Expanding on the hospital campus would also not increase access for the portions of Robertson and Montgomery Counties that these emergency services will provide. NorthCrest seeks to provide increased access to services in the most convenient setting in accordance with its long range plans, as well as the State Health Plan. NorthCrest hopes to decrease the outmigration in this service area by offering the services of the satellite ED, which should be more convenient and provide faster access for the majority of the service area.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

**Response:** The proposed service area for this project are the zip codes for Cedar Hill (37032) and Adams (37010) areas in Robertson County and the areas of Palmyra (37142), Cunningham (37052), Southside (37171), Sango (37043) and part of the 37040 zip code in Montgomery County. The areas in Robertson County are in the western portion of the county, beginning just east of I-24. The areas in Montgomery County that will be served are the areas south of the Cumberland River. There are only two ways to gain access across the river into

the city of Clarksville for these areas. Both of those bridges over the Cumberland River converge onto Tennessee Highway 48/13 and consequently merge onto the 41A bypass. A satellite emergency department near Exit 11 would be more quickly accessible to this population of people by ambulance or by personal vehicle than to NorthCrest or Gateway. In addition to the location in the northeast corner of Montgomery County, the commercialism and population of the area near Gateway has made reaching Gateway challenging for some portions of the county. Similarly, the proposed location is also in much closer proximity for the residents of the portion of Robertson County that is included in the service area. Thus, the people that reside in these zip codes currently do not have readily available access to immediate emergency care. In fact, some of the patients who would be coming from the proposed zip codes in Montgomery County would more than likely have to drive by the proposed satellite facility in order to get to Gateway, which is another 8 miles away.

In particular, Robertson County residents have health issues that frequently require emergency care. According to the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) county profile report, Robertson county ranks 17% above the Tennessee average in diseases of the heart. In addition, the Drive Your County to Top Ten: 2014 County Health Rankings and Roadmaps Report issued by the Tennessee Department of Health, ranks Robertson County 56<sup>th</sup> of 95 counties for adult obesity, which is correlated with higher risk of heart disease and stroke. These conditions make access to a convenient ED even more important for the Robertson County service area residents.

Please see the service area maps (zip code and county) attached hereto as Attachment C-Need-3.

4. A. Describe the demographics of the population to be served by this proposal.

**Response:** The applicant includes both the population for the service area by zip code as well as for Robertson and Montgomery Counties, as the HSDA generally looks at service area on a county by county basis. In this proposed facility, however, the area to be served can best be described through zip codes. The applicant has included only 25% of the population of the 37040 zip code, as it anticipates serving only a portion of the residents of this zip code. The population in these zip codes shows a growth of 10% between 2010 and the projected population for 2015. The population by county for the service area shows an increase in population between 2015 and 2019 of 5.4 percent for Robertson County and 6.5 percent for Montgomery County. Applying the percentage growth to the zip code population shows a projected population in 2019 as shown in the table below.

**Service Area Population by Zip Code  
2010-2019**

Location	Zip Code	Population 2010	Projected Population 2015	Projected Population 2019
Adams	37010	4,679	5,044	5,316
Cedar Hill	37032	4,493	4,843	5,105
Sango	37043	39,945	44,299	50,104
Clarksville (25%)	37040	11,231	12,455	14,087
Cunningham	37052	2,656	2,945	3,332
Palmyra	37142	1,902	2,109	2,386
Southside	37171	917	1,017	1,150
<b>Total Population</b>		<b>65,823</b>	<b>72,712</b>	<b>81,480</b>

Source: United States Census Bureau, American FactFinder (2010); TDH Population Projections, June 2013; application of projected growth by county service area to population projections for 2015 to calculate projections for 2019.

**Current and Projected Population Change by County  
2015-2019**

<b>Robertson County</b>			
Age	2015	2019	% Change
0 to 19	19,369	17,400	(10.2)
20 to 44	20,188	19,716	(2.3)
45 to 64	23,568	28,507	21.0
65 to 74	6,105	7,616	24.8
75 plus	2,207	2,073	(6.1)
<b>Total 65 plus</b>	<b>8,312</b>	<b>9,689</b>	<b>16.6</b>
<b>Total</b>	<b>71,437</b>	<b>75,312</b>	<b>5.4</b>
<b>Montgomery County</b>			
Age	2015	2019	% Change
0 to 19	61,953	67,744	9.3
20 to 44	71,655	71,626	(.04)
45 to 64	40,491	44,331	9.5
65 to 74	10,414	12,310	18.2
75 plus	6,555	7,449	13.6
<b>Total 65 plus</b>	<b>16,969</b>	<b>19,759</b>	<b>16.4</b>
<b>Total</b>	<b>191,068</b>	<b>203,460</b>	<b>6.5</b>

<b>Total Proposed Service Area</b>			
Age	2015	2019	% Change
0 to 19	81,322	85,144	4.7
20 to 44	91,843	91,342	(0.5)
45 to 64	64,059	72,838	13.7
65 to 74	16,519	19,926	20.6
75 plus	8,762	9,522	8.7
<b>Total 65 plus</b>	<b>25,281</b>	<b>29,448</b>	<b>16.5</b>
<b>Total</b>	<b>262,505</b>	<b>278,772</b>	<b>6.2</b>

<b>Tennessee</b>			
<b>Age</b>	<b>2015</b>	<b>2019</b>	<b>% Change</b>
<b>0 to 19</b>	1,683,742	1,713,807	1.8
<b>20 to 44</b>	2,179,086	2,235,222	2.6
<b>45 to 64</b>	1,773,673	1,811,403	2.1
<b>65 to 74</b>	610,343	684,868	12.2
<b>75 plus</b>	402,594	449,697	11.7
<b>Total 65 plus</b>	1,012,937	1,134,565	12.0
<b>Total</b>	6,649,438	6,894,997	3.7

Source: TDH Population Projections, June 2013; U.S. Census QuickFacts and FactFinder 2

The table below shows additional demographic information by County as compared to the State as a whole.

### Demographic Information

	<b>Robertson County</b>	<b>Montgomery County</b>	<b>State of Tennessee</b>
<b>Age 65+, % Total (PY)</b>	12.9%	9.7%	16.5%
<b>Median Age</b>	38.1	30.1	38.2
<b>Median Household Income</b>	\$52,792	\$49,617	\$44,298
<b>Population % Below Poverty Level (US Census)</b>	13.0%	16.4%	17.6%
<b>Persons Below Poverty Level (2014)</b>	9,287	31,335	1,170,301
<b>TennCare Enrollees</b>	13,042	30,868	1,399,004
<b>TennCare Enrollees as % of Population</b>	18.3%	16.2%	21.0%

Source: TDH Population Projections, June 2013; U.S. Census QuickFacts and FactFinder 2; TennCare Enrollment Data, April 2015.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**Response:** NorthCrest will not discriminate on the basis of age, sex, race, ethnic minorities or ability to pay. NorthCrest expects that the provision of this satellite emergency department will better help meet the needs of service area residents. In particular, patients at risk for heart disease and stroke are at a disadvantage at receiving the necessary health care services. The American Heart Association instructs consumers to call 9-1-1 if they are having chest pain or if they are having symptoms of a stroke. As previously noted, both Robertson County and Montgomery County residents have health issues that frequently require emergency care or increase the odds of needing emergency care, such as heart disease, obesity and diabetes.

**July 27, 2015****12:08 pm**

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**Response:** NorthCrest Medical Center is a non-profit acute care hospital, and is the sole community provider in Robertson County. Gateway Medical Center is owned by Community Health Systems, the largest for profit provider of hospital services, and is the sole hospital provider in Montgomery County. There are no approved, but unimplemented CONs of similar institutions in the service area.

NorthCrest has a pending CON application for the initiation of PET services which is scheduled to be heard at the August 2015 HSDA meeting. There are no other CONs, including approved but unimplemented, in Robertson or Montgomery County.

Below is a chart showing the emergency department utilization for each institution in the service area. NorthCrest operated above the recommended 1,500 patients per room standard in 2014, with 1,596 procedures per room. Gateway also operated above this standard in 2013, according to the latest publicly available data.

**UTILIZATION OF EMERGENCY DEPARTMENTS IN SERVICE AREA  
2012-2014**

<b>Emergency Department</b>	<b>ED Rooms</b>	<b>2012 Patients Treated</b>	<b>2013 Patients Treated</b>	<b>2014 Patients Treated</b>	<b>Percentage Change</b>	<b>Average Per Room</b>
NorthCrest	18	28,617	28,229	28,723	.4 (2012-2014)	1,596 (2014)
Gateway	40	65,055	63,185	N/A	(2.0) (2012-2013)	1,589 (2013)

Following is a table identifying the number of ED visits and outmigration for residents in the service area zip codes:

### Emergency Department Visits By Zip Code 2014

Community	Zip Code	NorthCrest	Montgomery County	Davidson County	Cheatham County	Houston County	Dickson County
Cedar Hill	37032	1,576	113	393	52	0	4
Adams	37010	647	497	233	9	1	3
Sango	37043	274	9,575	1,676	200	25	29
Clarksville	37040	297	17,556	1,771	84	106	113
Cunningham	37052	3	572	159	4	123	177
Palmyra	37142	12	484	84	1	181	37
Southside	37171	1	240	87	6	8	97
<b>TOTAL</b>		<b>2,810</b>	<b>29,038</b>	<b>4,403</b>	<b>356</b>	<b>444</b>	<b>460</b>
<b>TOTAL OUTMIGRATION</b>	<b>5,663</b>						

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**Response:** Applicable utilization and/or occupancy statistics for institution for past 3 years and projected annual utilization for each of the two years following completion of the project. See chart below with historical utilization for emergency services as well as projected utilization for the satellite ED location. NorthCrest projects that the utilization at the satellite ED will be 8,498 visits in 2017, the first full year of operation, increasing to 9,602 in 2018.

#### Satellite Emergency Department Projected Utilization

	2017	2018
Satellite Visits	8,498	9,602
Satellite Visits / Room	1,062	1,200

Utilization of the ED at NorthCrest is provided in the table below. Utilization increased slightly in recent years and is expected to be higher in 2015 based on current utilization. For 2017 and 2018, the first and second years of operation of the satellite ED, NorthCrest anticipates that utilization will decline as patients shift to use the new satellite ED.

### NorthCrest Main Campus Emergency Department Utilization 2012-2018

	Historic Annual Utilization (Visits)			Projected Annual Utilization (Visits)			
	2012	2013	2014	2015	2016	2017	2018
NorthCrest Main Campus	28,617	28,229	28,723	30,352	31,263	29,901	29,901
Main Campus Visits / Room	1,590	1,568	1,596	1,686	1,737	1,661	1,661

The table below shows utilization for NorthCrest overall. Utilization decreased from 2012 to 2014, but is expected to remain constant for 2015 and 2016. The decrease in hospital utilization is primarily the result of several factors: decreased readmissions; increased observation days; and better care coordination between the area long term care facilities, the primary care physicians and the hospital.

### NorthCrest Hospital Utilization

Year	Occupancy (%)
2012	43%
2013	38%
2014	34%
2015	34%
2016	34%

### NEED PROJECTION:

NorthCrest reviewed utilization information from several different data points to determine the projected utilization for the satellite ED. One such data point included looking at the number of ED visits from the service area zip codes to NorthCrest. NorthCrest had 2,810 visits from the service area zip codes in 2014. Then NorthCrest looked at the expected population growth and estimated that a reasonable rate of growth in the service area zip codes between 2015 and 2017 would be 3.6%. Applying this growth rate to the existing utilization from the service area zip codes to NorthCrest shows an increase of 101 visits, for a total of 2,911 expected visits. NorthCrest anticipates that 95% of these visits will be shifted to the proposed satellite ED for a total of 2,765 visits. NorthCrest next looked at the outmigration in the service area by zip code. The outmigration in the service area to other area hospitals not in the service area was 5,663 visits in 2014. It is reasonable to expect that the capture rate for NorthCrest for these visits will be 70% for a total of 3,964 visits. NorthCrest also looked at the Sango zip code and projected an additional 1,769 visits from Sango because of the convenience of the proposed satellite ED to that community. NorthCrest projects 8,498 visits in 2017 and 9,602 visits in 2018.



## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

**Response:** NorthCrest has included an option to purchase for the land on which the satellite emergency department will be located. However, NorthCrest anticipates that a group of developers (who prefer to remain anonymous at this point) will be the ones who will purchase the land and build the appropriate building and lease it to NorthCrest. The applicant has included the total costs of the project in the Project Costs Chart. Some of the equipment is anticipated to be leased and the cost for this equipment is included in the section application by lease. The lease for the property that NorthCrest will enter with the development group is anticipated to be for a term of 30 years, and will include everything but the equipment that is being leased.

Please see the architect letter included as Attachment C, Economic Feasibility-1.

## PROJECT COSTS CHART

## A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	\$289,634
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$45,000
3.	Acquisition of Site	\$575,000
4.	Preparation of Site	\$288,500
5.	Construction Costs	\$3,477,500
6.	Contingency Fund	\$567,425
7.	Fixed Equipment (Not included in Construction Contract)	\$635,000
8.	Moveable Equipment (List all equipment over \$50,000)	\$186,550
9.	Other (Specify) Designers, Testing Inspections and Administration	\$176,750

## B. Acquisition by gift, donation, or lease:

1.	Facility (inclusive of building and land)	
2.	Building only	
3.	Land only	
4.	Equipment (Specify) 16 slice CT scanner, Portable x-ray, ultrasound	\$633,600
5.	Other (Specify)	

## C. Financing Costs and Fees:

1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify)	

D.	Estimated Project Cost (A+B+C)	\$6,874,959
E.	CON Filing Fee	\$15,468.66
F.	Total Estimated Project Cost (D+E)	<b>TOTAL \$6,890,427.66</b>

## 2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (***Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.***)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☐ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- X F. Other—Identify and document funding from all other sources.

**Response:** NorthCrest anticipates that the only funding necessary for this project will be the filing fee and the attorney's fees. These will be funded out of cash reserves. Please see letter from the CFO included as Attachment C, Economic Feasibility-2. Although NorthCrest has an option to purchase the property and has received estimates for what it will cost to build, NorthCrest anticipates that a group of investors will purchase the property and develop the project and then lease it back to NorthCrest. We have included the costs of purchase and development in our Project Costs Chart.

## 3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**Response:** The estimated construction cost for the proposed 10,700 square foot satellite facility is \$3,477,500, with a cost per square foot of \$325 and an overall cost per exam room of \$861,304. The construction cost per square foot compare favorably with the more recent projects, being slightly higher than the one filed by Saint Thomas Midtown (\$290/square foot) and lower than the one filed by Tri-Star Southern Hills (\$350/square foot). The overall cost per exam room for NorthCrest is lower than every project except for Saint Thomas, and it is only 2% higher. The overall cost per exam room for NorthCrest is lower than any of the other projects by anywhere from 8% to 64%. As you will see from the chart below, 8 treatment/exam rooms is the minimum number in order for a project to be financially feasible - both from a construction cost standpoint and from a staffing standpoint. Other CON projects in the middle Tennessee area for satellite emergency departments (several approved and several denied) include:

48  
**PROJECT COSTS**

<b>Facility CON Number</b>	<b>Location</b>	<b>Exam Rooms</b>	<b>Square Feet</b>	<b>Total Cost</b>	<b>Overall Cost Per Exam Room</b>	<b>Construction Cost Per Square Foot</b>
NorthCrest	Montgomery County	8 treatment/ exam	10,700	\$6,890,428	\$861,303	\$325
Gateway	Montgomery County	8 treatment/ exam	--	\$11,000,000	\$1,375,000	--
Saint Thomas Midtown Hospital Emergency Dept. at Brentwood CN1412-049D	Davidson County	8 treatment/ exam	9,250	\$6,757,172	\$844,647	\$290
Horizon Medical Center Emergency Department at Natchez Park CN1202-009A	Dickson County	8 treatment/ exam	14,033	\$7,475,395	\$934,424	\$294
TriStar Southern Hills Medical Center at I-65 CN1412-050D	Davidson County	8 treatment/ exam	10,813	\$11,316,699	\$1,414,587	\$350
Centennial Medical Center at Spring Hill CN1006-023A	Maury County	8 treatment/ exam	9,601	\$9,095,546	\$1,136,943	\$258

Following is a chart showing the hospital construction per square foot, on a state-wide basis. When the cost per square foot of satellite ED projects is compared to the cost of hospital construction overall, the projects are all closer to the 3<sup>rd</sup> quartile or above the 3<sup>rd</sup> quartile than the general hospital projects. As general hospital projects are generally much larger than these concentrated departments, the cost of new construction is spread over a larger number of square feet, and allows the cost of new construction to be lower per square foot than these projects, which ranged from \$290 per square foot to \$350 per square foot. Thus, the best comparison is to other similar projects and perhaps the best comparison is for total cost per exam room rather than cost per square foot. The total cost more accurately captures the cost to add the health care service. NorthCrest would appear to be very cost efficient when compared to other similar projects.

**STATEWIDE HOSPITAL CONSTRUCTION COST PER SQUARE FOOT  
YEARS: 2012 – 2014**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$110.98/sq. ft.	\$224.09/sq. ft.	\$156.78/sq. ft.
<b>Median</b>	\$192.46/sq. ft.	\$259.66/sq. ft.	\$227.88/sq. ft.
<b>3<sup>rd</sup> Quartile</b>	\$297.82/sq. ft.	\$296.52/sq. ft.	\$298.66/sq. ft.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

**Response:** Please see the Historical Data Chart for NorthCrest and the Projected Data Chart for the proposed satellite emergency department.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

**Response:** The average gross charge is approximately \$1,381, the average deductions are approximately \$1,008, for an average net charge of \$373.

**HISTORICAL DATA CHART**

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in July (Month):

	<u><b>Year 2014</b></u>	<u><b>Year 2013</b></u>	<u><b>Year 2012</b></u>
A. Utilization Data (Occupancy)	34%	38%	43%
B. Revenue from Services to Patients			
1. Inpatient Services	\$65,663,379	\$65,502,379	\$67,649,509
2. Outpatient Services	\$130,846,417	\$116,256,943	\$96,217,356
3. Emergency Services	\$40,746,905	\$39,454,537	\$38,846,939
4. Other Operating Revenue (Specify) _____	\$2,011,896	\$2,835,642	\$4,056,918
<b>Gross Operating Revenue</b>	<b>\$239,268,927</b>	<b>\$224,049,501</b>	<b>\$206,770,722</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$159,446,371	\$141,646,654	\$126,594,917
2. Provision for Charity Care	\$5,556,198	\$5,197,553	\$3,913,834
3. Provisions for Bad Debt	\$10,927,452	\$11,560,126	\$9,306,696
<b>Total Deductions</b>	<b>\$175,930,021</b>	<b>\$158,404,333</b>	<b>\$139,815,447</b>
<b>NET OPERATING REVENUE</b>	<b>\$63,338,906</b>	<b>\$65,645,168</b>	<b>\$66,955,275</b>
D. Operating Expenses			
1. Salaries and Wages	\$23,472,744	\$26,010,725	\$25,217,785
2. Physician's Salaries and Wages			
3. Supplies	\$11,826,331	\$12,203,654	\$11,549,902
4. Taxes	\$178,271	\$161,767	\$117,138
5. Depreciation	\$4,511,798	\$3,992,251	\$4,176,902
6. Rent	\$1,096,918	\$996,652	\$892,477
7. Interest, other than Capital	-0-	-0-	-0-
8. Management Fees:			
a. Fees to Affiliates	-0-	-0-	-0-
b. Fees to Non-Affiliates	-0-	-0-	-0-
9. Other Expenses – Specify on separate page 12	\$19,098,290	\$20,935,949	\$21,215,248
<b>Total Operating Expenses</b>	<b>\$60,184,352</b>	<b>\$64,300,998</b>	<b>\$63,169,452</b>
E. Other Revenue (Expenses) – Net (Specify) _____	\$583,542	\$1,073,175	\$1,073,175
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$3,738,096</b>	<b>\$2,417,345</b>	<b>\$4,858,998</b>
F. Capital Expenditures			
1. Retirement of Principal	\$2,053,200	\$1,373,000	\$1,318,000
2. Interest	\$2,096,321	\$2,144,851	\$2,156,336
<b>Total Capital Expenditures</b>	<b>\$4,149,521</b>	<b>\$3,517,851</b>	<b>\$3,474,336</b>
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<b>(\$411,425)</b>	<b>(\$1,100,506)</b>	<b>(\$1,384,662)</b>

**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July. (Month).

	<b>Year 2017</b>	<b>Year 2018</b>
A. Utilization Data (Specify unit of measure)(visits)	8,498	9,602
B. Revenue from Services to Patients		
1. Inpatient Services	\$ _____	\$ _____
2. Outpatient Services	_____	_____
3. Emergency Services	\$11,735,680	\$13,659,157
4. Other Operating Revenue (Specify) _____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$11,735,680</b>	<b>\$13,659,157</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$7,745,548	\$9,015,044
2. Provision for Charity Care (3%)	\$352,070	\$409,775
3. Provisions for Bad Debt (4%)	\$469,427	\$546,366
<b>Total Deductions</b>	<b>\$8,567,046</b>	<b>\$9,971,185</b>
<b>NET OPERATING REVENUE</b>	<b>\$3,168,633</b>	<b>\$3,687,973</b>
D. Operating Expenses		
1. Salaries and Wages	\$1,469,158	\$1,513,232
2. Physician's Salaries and Wages	_____	_____
3. Supplies	\$467,371	\$528,129
4. Taxes	_____	_____
5. Depreciation	\$129,995	\$129,995
6. Rent	\$411,510	\$423,855
7. Interest, other than Capital	_____	_____
8. Management Fees:		
a. Fees to Affiliates	_____	_____
b. Fees to Non-Affiliates	_____	_____
9. Other Expenses – Specify on separate page 12	\$553,748	\$619,495
<b>Total Operating Expenses</b>	<b>\$3,031,781</b>	<b>\$3,214,706</b>
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$136,852</b>	<b>\$473,266</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b><u>\$136,852</u></b>	<b><u>\$473,266</u></b>

### HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 2014	Year 2013	Year 2012
1. Contract Labor	\$1,477,647	\$1,246,375	\$689,706
2. Fringe Benefits	\$6,687,083	\$7,583,973	\$8,367,107
3. Medical Specialist	\$650,319	\$646,635	\$1,094,266
4. Contract Services	\$4,629,292	\$5,083,451	\$4,793,316
5. Maintenance Expense	\$2,393,678	\$2,602,713	\$2,347,169
6. Utilities	\$1,337,843	\$1,538,128	\$1,552,266
7. Insurance	\$523,684	\$483,376	\$589,299
8. Other	\$1,398,744	\$1,751,298	\$1,782,119
<b>Total Other Expenses</b>	<b>\$19,098,290</b>	<b>\$20,935,949</b>	<b>\$21,215,248</b>

### PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 2017	Year 2018
1. Utilities	\$63,000	\$66,150
2. Contract Services	\$329,000	\$371,770
3. Repairs/Maintenance	\$64,748	\$73,165
4. Other Expense	\$82,000	\$92,660
5. Insurance	\$15,000	\$15,750
6.		
7.		
<b>Total Other Expenses</b>	<b>\$553,748</b>	<b>\$619,495</b>



6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that result from the implementation of the proposal. Additionally, describe anticipated revenue from the proposed project and the impact on existing patient charges.

**Response:** Please see the current charge for the ED on the main campus and the proposed charge schedule for the satellite ED below. There will be no adjustment to current charges. The charges are the same at both the main ED and the satellite ED because they are both departments of NorthCrest.

Current and Proposed Charge Schedule				
Level	Medicare CPT	Current Charge	Proposed Charge	Projected Number of Visits Year One
Level One	99281	359.00	359.00	14
Level Two	99282	498.00	498.00	720
Level Three	99283	634.00	634.00	2,788
Level Four	99284	1,094.00	1,094.00	2,220
Level Five	99285	1,750.00	1,750.00	2,756

As can be seen in the chart above, the visit levels range from a Level One, the lowest level visit to a Level Five, the highest level visit. For a description of the visit levels, please see chart included as Attachment C, Economic Feasibility-1.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**Response:** Please see Medicare charge schedule by CPT code below.

Medicare and Proposed Charge Schedule			
Level	Medicare CPT	2014 Medicare Reimbursement	Proposed Charge
Level One	99281	51.00	359.00
Level Two	99282	93.00	498.00
Level Three	99283	154.00	634.00
Level Four	99284	271.00	1,094.00
Level Five	99285	421.00	1,750.00

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

**Response:** The utilization projected by the applicant is expected to generate positive net revenue beginning in the first year of operation.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

**Response:** The applicant expects to have positive net revenue in the first year of operation as shown on the Projected Data Chart.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

**Response:** NorthCrest anticipates 35% TennCare/Medicaid, 16% Medicare, 3% charity care and 4% bad debt based on net revenues. The TennCare net revenue is projected to be \$1,109,021 in 2017 and the Medicare net revenue is anticipated to be \$506,981.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

**Response:** Please see copies of the balance sheet and the income statement from the most recent reporting period included as Attachment C, Economic Feasibility - 10.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

**Response:** There are no less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. In order to provide the capacity necessary to meet the needs for emergency services in the proposed service area, it is necessary to proceed with the development of a satellite emergency facility.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

**Response:** In order to meet the needs of area residents, it is necessary to have new construction, as it will be a satellite emergency department. Retrofitting any existing building to hospital standards, even if one were available, would likely be more costly than new construction.

## CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

**Response:** NorthCrest has numerous relationships with many of the area nursing homes, home health agencies and skilled nursing facilities. Patients are discharged to NHC and Golden Living skilled nursing facilities located in Springfield. Patients needing

rehabilitation services are discharged to Gateway, Skyline Medical Center, Select, and Vanderbilt Stallworth in Nashville.

NorthCrest utilizes NHC and Home Care Solutions home health services. NorthCrest has its own Hospice program but also uses Avalon Hospice for patients it treats who live in Montgomery County.

As previously mentioned, NorthCrest is part of the Vanderbilt Health Affiliated Network.

First Call Ambulance Service will provide transport from the satellite emergency department to the closest hospital emergency department, in the unlikely event that a transfer is necessary from the satellite facility.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

**Response:** This project will have a positive impact on three different populations:

1. Those that live in the Cedar Hill and Adams areas of Robertson County. They will have quicker access to Emergency care.
2. The residents of the rural areas of Montgomery County. It will reduce the travel time for them to reach Emergency care. Receiving access to an experienced Emergency physician more quickly, should improve their outcomes and potentially their chance of survival.
3. Sango and the Clarksville area will have more than one emergency care center in the area. As Clarksville is the second fastest growing city in the State of Tennessee, it is important that the area have the necessary health care services - and in particular emergency services - to meet the needs of area residents.

The satellite ED will be staffed by an emergency physician around the clock, seven days a week, just as the emergency department at NorthCrest is. It will also be managed by the same hospital management staff as NorthCrest who will ensure that the same staffing and clinical competency levels are maintained at the satellite emergency department as are required for the main hospital campus emergency department.

There may be some initial adverse impact on both NorthCrest and Gateway as patients choose to receive the necessary emergency care closer to home. However, NorthCrest anticipates that the majority of the patients who choose to use the proposed satellite ED will be those who would have gone outside the service area for emergency care.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

**Response:** Physicians Board Certified in Emergency Medicine will staff the satellite emergency department 24/7. NorthCrest will contract with a service for the physicians. The physicians will be approved through the credentialing process at NorthCrest in accordance with the Medical Staff bylaws. Staffing will consist of 27.3 FTEs with 10.5 of

those employees being emergency trained RNs and 16.8 being support staff. NorthCrest recruits and employs many skilled RNs from the Clarksville/Montgomery county area and will have no problem filling the positions as they are competitive with salaries and benefits. Currently 31% of the RNs who provide services in the emergency department at NorthCrest reside in Clarksville, Cedar Hill, or Adams. Some of them may choose to provide services at the proposed satellite emergency department.

**NORTHCREST MEDICAL CENTER EMERGENCY DEPARTMENT STAFFING REQUIREMENTS  
(MAIN CAMPUS COMPARISON TO SATELLITE CAMPUS)**

Position	Current FTEs	Yr 1 FTEs	Yr 2 FTEs	Salary Range	Average Salary
<b>Satellite Department</b>					
RN	0	10.5	10.5	20.50 - 32.80	26.65
Radiology Tech	0	4.2	4.2	17.45 - 37.92	27.69
EVS Tech	0	4.2	4.2	10.10 - 13.13	11.62
Security Guard	0	4.2	4.2	10.61 - 14.85	12.73
Registration / Tech	0	4.2	4.2	10.61 - 14.85	12.73
<b>Total FTEs</b>	<b>0</b>	<b>27.3</b>	<b>27.3</b>		
<b>NorthCrest Emergency Department</b>					
RN	29.4	29.4	29.4	20.50 - 32.80	26.65
Nurse Tech	10.5	10.5	10.5	11.19 - 16.79	27.69
Radiology Tech	4.2	4.2	4.2	17.45 - 37.92	11.62
EVS Tech	4.2	4.2	4.2	10.10 - 13.13	12.73
Security Guard	4.2	4.2	4.2	10.61 - 14.85	12.73
Registration / Tech	4.2	4.2	4.2	10.61 - 14.85	26.65
<b>Total FTEs</b>	<b>56.7</b>	<b>56.7</b>	<b>56.7</b>		

The Department of Labor and Workforce Development website (2014) lists the following hourly wage information in the Clarksville MSA, which includes Montgomery County, and the Nashville MSA, which includes Robertson County, for clinical staff positions indicated for this project:

**MSA HOURLY WAGES**

Position	Entry Level	Median	Experienced
<b>Nashville</b>			
RN	\$22.07	\$28.30	\$31.74
Radiology Tech	\$18.50	\$24.37	\$27.70
<b>Clarksville</b>			
RN	\$21.80	\$27.30	\$29.95
Radiology Tech	\$16.25	\$21.75	\$26.55

- Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

**Response:** NorthCrest anticipates no difficulties in recruiting all needed staff for the satellite ED. On its main campus in the ED, 31% of the RNs reside in Clarksville, and it would be closer for them to work at the satellite emergency department than to continue to work in the NorthCrest emergency department. Many of them are anticipated to take advantage of the closer location. In 2014 NorthCrest was named one of the Tennessean's Top Workplaces; it ranked number four in the large company division. NorthCrest provides a competitive benefits package to its employees. The NorthCrest Human Resources Department and Nursing Administration are knowledgeable and comply with all requirements with regard to staffing numbers and types of staff needed in the emergency department.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

**Response:** NorthCrest understands all licensing and certification requirements and will ensure that it abides by such criteria.

NorthCrest Medical is committed to providing the appropriate staff for the care of our patients. Employees are required to provide proof of licensure, certification or registration that is mandated by law or accrediting entities, which are verified by Human Resources at the time of hire and upon renewal. Department leadership, in collaboration with Human Resources, will be responsible for maintaining a listing of licenses, certifications and/or registry for each of their applicable employees, which will reflect the correct name, license number and renewal date.

NorthCrest ensures that physicians, privileged practitioners and independent or dependent practitioners or contractors who provide and/or order services which require licensure, certification or other credentials have valid licenses, certificates or credentials and are not ineligible persons or persons who are excluded from participation in an applicable state healthcare program. NorthCrest Medical Center and all affiliated facilities have written policies and procedures that address issues related to licensure, certification, registration, or other credentials of affiliates, physicians, privileged practitioners, and independent or dependent practitioners or contractors providing and/or ordering services which require a license, certificate, registration, and/or other credentials. All privileged practitioners and independent or dependent practitioners or contractors providing services at NorthCrest and any affiliated facilities must comply at all times with Federal, State and professional requirements applicable to their respective discipline. Details outlining admission privileges, quality assurance, utilization review, record keeping, and ongoing education and training are outlined in NorthCrest's Medical Staff Bylaws. (See attached MS.002 – Medical Staff Bylaws)

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (*e.g., internships, residencies, etc.*).

**Response:** NorthCrest recognizes the need to provide students with a clinical setting in which to learn essential skills. Providing suitable learning experiences for students is a key recruitment strategy that benefits students and patients, as well as NorthCrest. NorthCrest maintains clinical affiliation agreements with a number of schools requesting student rotations and internships including several area nursing schools such as Austin Peay State University, Western Kentucky University, Hopkinsville Community College, Volunteer State Community College, Vanderbilt University, and the Tennessee Board of

Regents. Additional clinical affiliations include radiology, laboratory, pharmacy, nurse anesthesia and EMT programs at Lipscomb University, Volunteer State Community College, Fortis, Miller-Motte Community College, as well as Middle Tennessee School of Anesthesia.

All clinical affiliation agreements with NorthCrest and all affiliated facilities stipulate that all regulatory and procedural standards related to the facility will be met (i.e. Safety Training, Infection Prevention & Control, HIPAA, etc...). The learning institution's instructor or designee shall confer with the medical center's clinical liaison, department leader, and/or his/her designee regarding the availability and suitability of student assignments. Assignments are made based on the care needs of the patient and the learning needs of the student.

Understanding that nursing is a practice that requires a balance of theoretical knowledge and the application of that knowledge, NorthCrest has developed a Nurse Extern Program designed to provide nursing students an opportunity to apply academic theory to an actual hospital setting. As an extern, the student would be able to expand their clinical experience by assisting in the provision of a wide variety of patient care activities under the direct supervision of a licensed Registered Nurse. This program helps the nursing student to gain confidence, knowledge and real experience in a clinical setting that will facilitate the transition from the role of student to the role of professional nurse.

In addition, NorthCrest promotes staff development through a variety of programs designed to enhance the professional and personal growth of its employees. These opportunities include, but are not limited to, the following:

- Tuition Reimbursement Program
- Scholarship Programs
- Continuing Education Programs (Seminars, Certifications, and medical center sponsored training)
- Management Training

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

**Response:** Administration at NorthCrest has reviewed and fully understands the licensure requirement of the Department of Health, Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services and all applicable Medicare requirements. The satellite emergency department will be an outpatient department of the hospital and, as such, subject to all the same requirements as the hospital, as well as under its administrative control.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: NorthCrest Medical Center is licensed by the Tennessee Department of Health.

Accreditation: NorthCrest Medical Center is accredited by The Joint Commission. The Joint Commission completed its most recent survey in June of 2013. (See attached Accreditation Summary Report, Letter of Accreditation and Corrective Action Plan.) NorthCrest has also achieved additional Joint Commission Certification as a Primary Stroke Center, successfully completing their most recent survey on January 9, 2015. In addition, NorthCrest Medical Center's Laboratory maintains their CMS Clinical Laboratory Improvement Amendments (CLIA) Certificate of Accreditation.

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

**Response:** NorthCrest is in good standing with and all licensing, certifying and accreditation agencies. A copy of the current license and Joint Commission accreditation are included as Attachment C- Contribution to the Orderly Development of Health Care -7-b.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

**Response:** The most recent license/certification inspection report is included as Attachment C-Contribution to the Orderly Development of Health Care-8-c.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

**Response:** Not applicable.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

**Response:** Not applicable.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

**Response:** If the proposal is approved, the applicant will provide the requested data consistent with Federal HIPAA requirements.

**PROOF OF PUBLICATION**

**Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.**

Please see attached copy of the publication from the *Clarksville Leaf Chronicle*, showing publication occurred on July 10, 2015.

**DEVELOPMENT SCHEDULE**

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004  
Revised 02/01/06  
Previous Forms are obsolete



### PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in TCA § 68-11-1609(c): October 2015

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. Architectural and engineering contract signed	<u>30</u>	<u>December 2015</u>
2. Construction documents approved by the Tennessee Department of Health	<u>150</u>	<u>April 2016</u>
3. Construction contract signed	<u>180</u>	<u>May 2016</u>
4. Building permit secured	<u>180</u>	<u>May 2016</u>
5. Site preparation completed	<u>240</u>	<u>July 2016</u>
6. Building construction commenced	<u>270</u>	<u>August 2016</u>
7. Construction 40% complete	<u>420</u>	<u>January 2017</u>
8. Construction 80% complete	<u>510</u>	<u>April 2017</u>
9. Construction 100% complete (approved for occupancy)	<u>570</u>	<u>June 2017</u>
10. *Issuance of license	<u>600</u>	<u>July 2017</u>
11. *Initiation of service	<u>600</u>	<u>July 2017</u>
12. Final Architectural Certification of Payment	<u>630</u>	<u>August 2017</u>
13. Final Project Report Form (HF0055)	<u>630</u>	<u>August 2017</u>

\* **For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

**Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.**

AFFIDAVIT


STATE OF TENNESSEE

COUNTY OF DAVIDSON

Kim H. Looney, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

  
SIGNATURE/TITLE

Sworn to and subscribed before me this 15th day of July, 2015 a Notary  
Public in and for the County/State of Tennessee.

  
NOTARY PUBLIC

My commission expires January 8, 2019.



MY COMMISSION EXPIRES:  
JANUARY 8, 2019

**Attachment C, Economic Feasibility-2**  
**CFO Letter**

# *NorthCrest*

M E D I C A L ♦ C E N T E R

June 10, 2015

Ms. Melanie Hill  
Executive Director  
Health Services & Development Agency  
Suite 850  
500 Deaderick Street  
Nashville, Tennessee 37243

Re: Certificate of Need Application  
NorthCrest Medical Center

Dear Ms. Hill:

This letter certifies that NorthCrest Medical Center hereby anticipates funding the above-referenced project from cash reserves.

NorthCrest Medical Center's resources are described in the financial data included in the CON application. There are sufficient funds available to fund the above project from current cash reserves.

Sincerely,

  
Kim Pridgen  
Chief Financial Officer

cc: Randy Davis, CEO  
Kim H. Looney, Esq. (Waller Lansden)

**Attachment B-1**  
**Executive Summary**

## NorthCrest Medical Center CON for Satellite Emergency Department

**Applicant/Ownership Structure:** NorthCrest Medical Center is a 109 bed non-profit community hospital located in Springfield, Robertson County, Tennessee, off I-24 and U.S. Highway 431, approximately 30 miles north of Nashville. It is recognized as a 501(c)(3) entity by the IRS. NorthCrest has included a management entity (Satellite ED, LLC) in this proposed satellite ED project to allow it the flexibility to joint venture the management of this outpatient department should it choose to do so. NorthCrest has been recognized each of the last four years as a Top Performer by The Joint Commission on certain key quality measures, including heart attack, heart failure, pneumonia, and surgical care. It has also received a Hospital Safety Score of an A from the Leapfrog Group; less than 40% of the hospitals in Tennessee received an A score.

**Services to be Provided:** NorthCrest proposes to provide additional emergency department capacity through the development of a satellite ED of the hospital. The proposed satellite ED will be operated as an outpatient department of the hospital, and included with the hospital's license, just as any other hospital department is. The satellite ED will be located just off I-24 at Exit 11. The satellite ED will offer diagnostic and treatment services to adult and pediatric patients. It intends to offer CT, ultrasound, laboratory and x-Ray. None of the equipment is considered major medical equipment. It will include 8 treatment/exam rooms, including 2 oversized rooms and one for behavioral health examination and treatment, and 5 standard multi-use rooms. It will be a full service emergency department, operating seven days a week, 24 hours a day. It will have the same State classification for licensure purposes as the primary ED on the main hospital campus.

**Project Cost:** The satellite ED will be located in a one-story, 10,700 square foot facility. The construction costs are \$3,477,500, or \$325 per square foot, which compares favorably to other satellite ED projects in the middle Tennessee area. The total project costs are estimated to be \$6,890,428. When the total project costs per exam room are compared to each of the other satellite ED projects, the cost per exam room ranges anywhere from \$844,647 to \$1,414,587. The cost for NorthCrest satellite ED is \$861,303, which is anywhere from 8% to 64% lower than the other projects, with the exception of Saint Thomas, and it is only slightly higher than Saint Thomas.

**Service Area:** The proposed primary service area consists of seven zip codes in Robertson and Montgomery Counties, that includes residents from the communities of Adams (37010), Cedar Hill (37032), Cunningham (37052), Palmyra (37142), Sango (37043), Southside (37171), and part of Clarksville (zip code 37040).

**Need:** There are no existing emergency services available in the proposed zip code service area. If you look at the counties in which the zip codes are located, NorthCrest is in Robertson County and Gateway is in Montgomery County. The emergency department at NorthCrest has 18 treatment/exam rooms and Gateway has 40. Both the emergency department at NorthCrest and the one at Gateway are currently operating at almost 1,600 visits per room, above the 1,500 standard that is widely recognized. NorthCrest seeks to provide increased access to important emergency services in the most convenient setting. There is significant outmigration (5,633 visits) from the service area zip codes to facilities not located in the county service area. NorthCrest Specialty Clinic is located less than a mile from the proposed site. The clinic has 5 physicians and mid-levels providing ENT, orthopedic and general and vascular surgery

services. NorthCrest projects 8,498 visits in the first year and 9,602 visits in the second year of operation.

**Staffing:** The satellite ED will be staffed by physicians who are Board Certified in Emergency Medicine and who have met the NorthCrest credentialing standards, ensuring that these physicians will be providing the same clinical competencies as those who provide services at the primary ED at NorthCrest. Staffing will consist of 27.3 FTEs with 10.5 of those employees being emergency trained RNs and 16.8 being support staff.

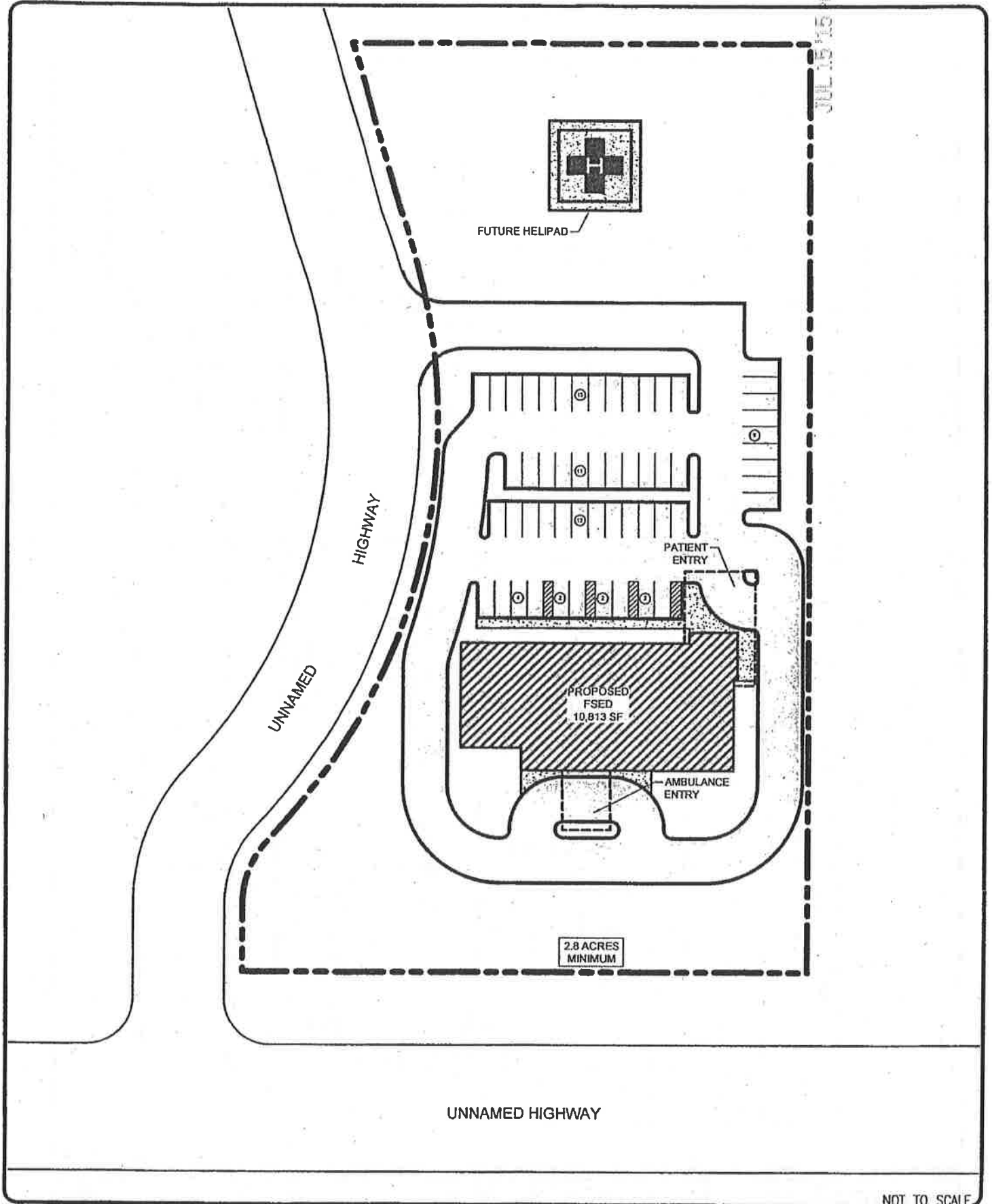
**Acquisition of Site:** NorthCrest currently has an option to purchase the site. However, NorthCrest does not anticipate purchasing the site. Rather it is working with a group of investors who are proposing to purchase the property, develop the satellite ED, and then lease the entire property back to NorthCrest for the satellite ED. This group of business people prefers to remain anonymous until the CON is approved. Therefore, NorthCrest has based the project costs on the purchase of the site and development of the satellite ED because it is anticipated that this cost is more than the lease cost. For purposes of the Projected Data Chart, NorthCrest has included the anticipated costs of leasing the site and building.

**Financial Feasibility:** The utilization projected by NorthCrest is sufficient to ensure a positive net operating income in both the first and second years of operation. NorthCrest has kept the costs of the project sufficiently low to enable it to be able to operate both cost effectively and efficiently.

**Attachment A.III-(A)**  
**Plot Plan**



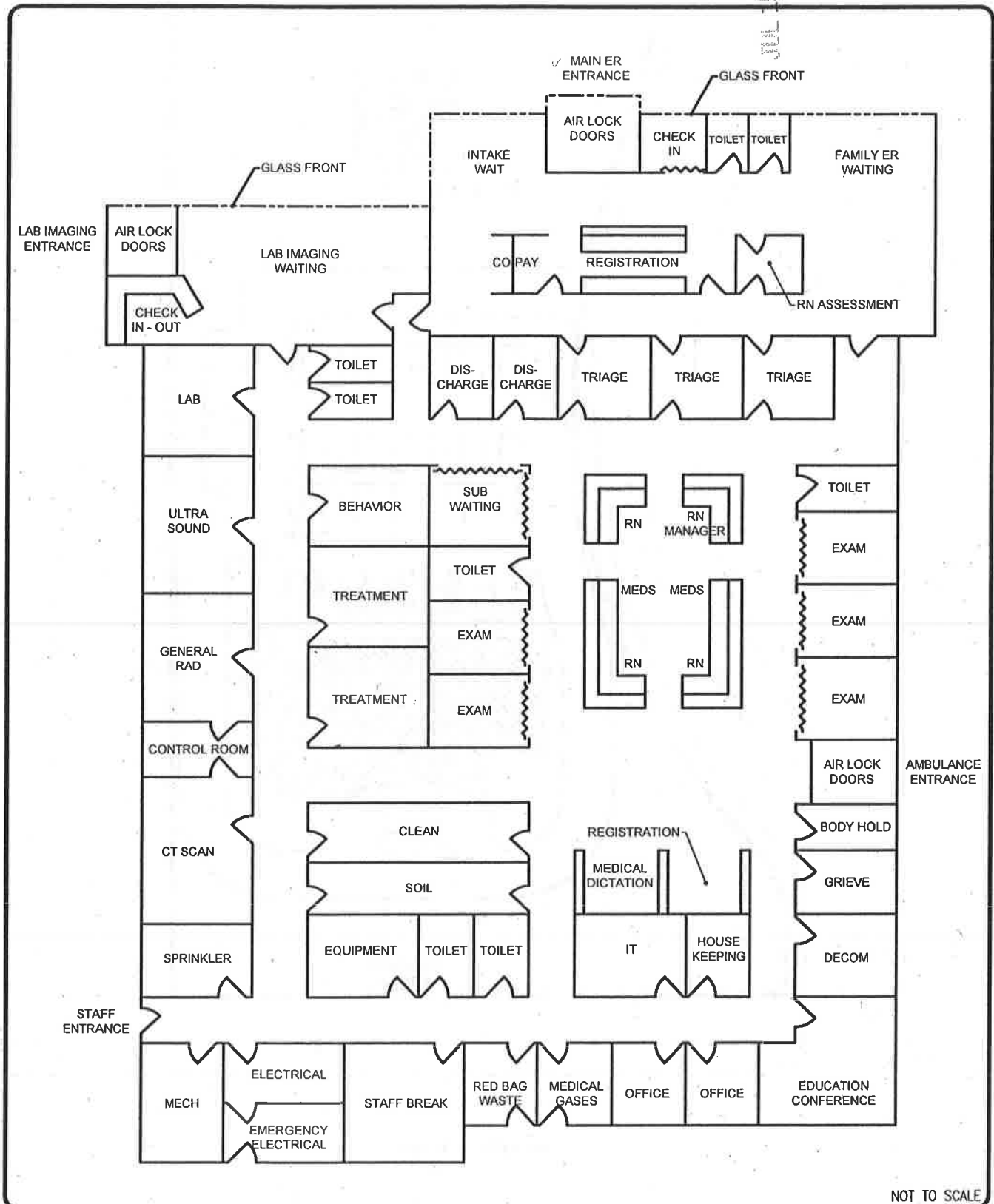
JUL 15 15 46:06



**NORTHCREST MEDICAL CENTER  
STANDALONE EMERGENCY ROOM  
SITE TEMPLATE**

DRAWING DATE: 5/07/15  
PROJECT NO.: C05015  
SHEET NO.: **C1**

3556 TOM AUSTIN HWY, SUITE 7, SPRINGFIELD, TN 37172, (615)382-2000



**KLOBER**  
ENGINEERING SERVICES

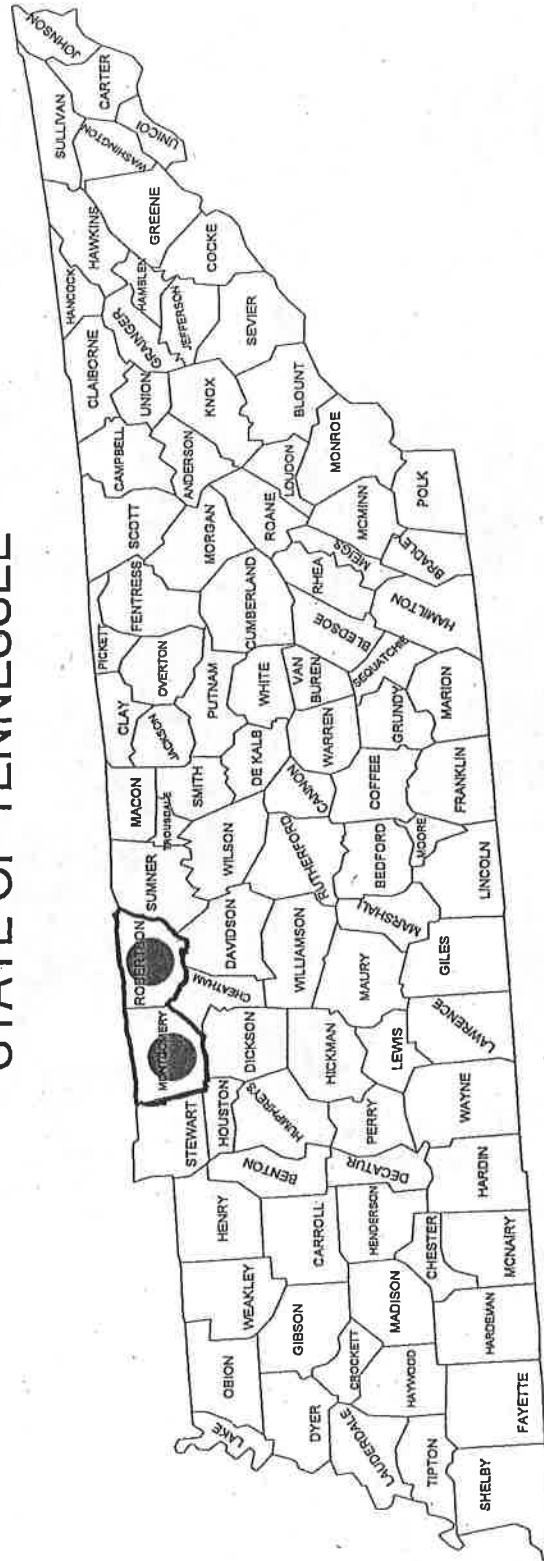
**NORTHCREST MEDICAL CENTER  
STANDALONE EMERGENCY ROOM  
FLOOR PLAN**

DRAWING DATE: 7/13/15  
PROJECT NO.: C05015  
SHEET NO.: **A1**

**Attachment A.III-(B)-1**  
**Floor Plan**

**Attachment C-Need-3**  
**Service Area Maps (County and Zip Code)**

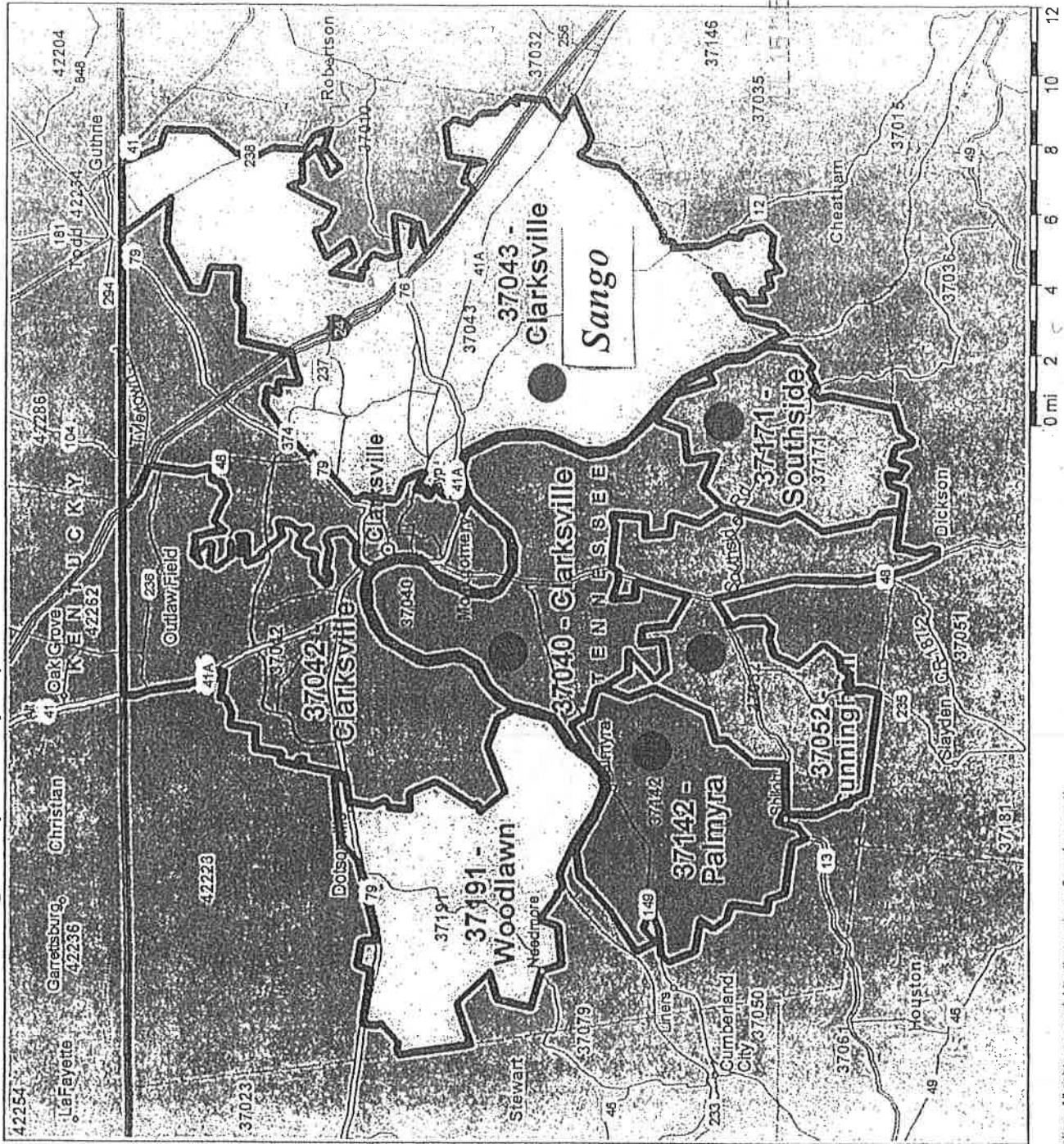
# STATE OF TENNESSEE



## Montgomery County Zip Codes

- 37040 - Clarksville  
37041 - Clarksville - PO Box  
37042 - Clarksville  
37043 - Clarksville  
37044 - Clarksville - PO Box  
37052 - Cunningham  
37142 - Palmyra  
37155 - PO Box  
37171 - Southside  
37191 - Woodlawn

## Service Area



## Robertson County Zip Codes

37010 - Adams

37032 - Cedar Hill

### 37049 - Cross Plains

37073 - Greenbrier

37141 - Orlinda

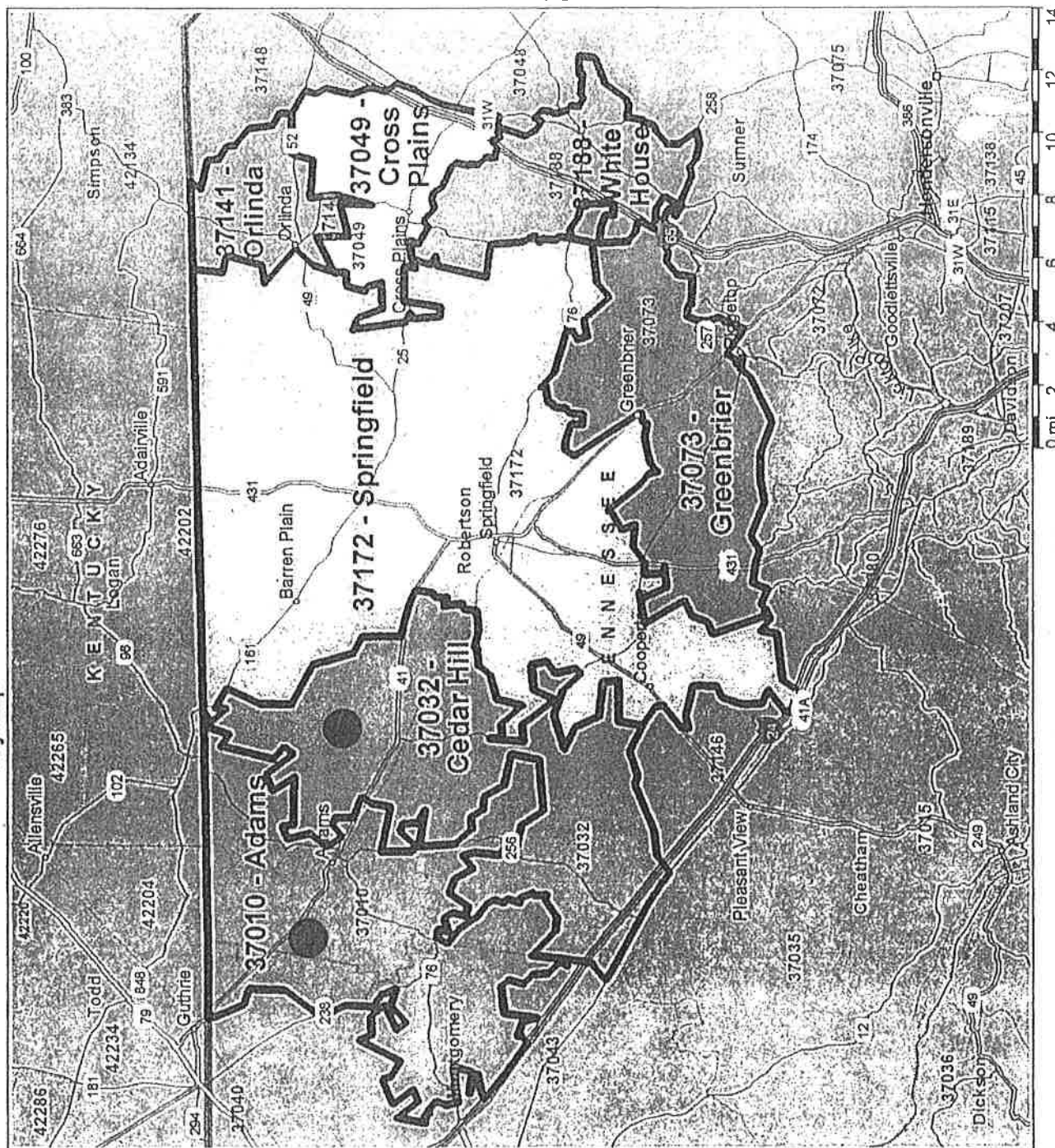
37152 - Ridgetop - PO Box

37172 - Springfield

37188 - White House



## Service Area





**July 27, 2015****12:08 pm****Supplemental Request****Attachment C-Economic Feasibility, Item 1 (Question 5)****Architect Letter**



**July 27, 2015**  
**12:08 pm**

205 East First Avenue, Suite 200, Rome, GA 30161

P 706.234.7971 F 706.234.7316

www.adamsomc.com

July 1, 2015

Mr. Randy Davis  
NorthCrest Medical Center  
100 Northcrest Dr.  
Springfield, TN 37172

Reference: NorthCrest Satellite Emergency Department

Dear Mr. Davis,

This letter is being issued as verification that the submitted estimate of cost for the proposed NorthCrest Medical Center Satellite Emergency Department in Clarksville, TN is reasonable based on information provided to the Architect by NorthCrest Medical Center. The overall project costs of approximately \$6,875,000 are comparable to other similar projects with similar size, scope and medical equipment.

I attest that the design and construction information submitted is consistent with the design and cost of similar facilities in the region. The physical environment will conform to the applicable federal, state and local construction codes, standards, manufacturers' specifications and licensing agencies requirements, including the current 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

Please feel free to call with any questions, clarifications, or comments.

Sincerely,  
ADAMS Management Services Corporation

A handwritten signature in black ink, appearing to read "Travis R Pigott".

Travis R Pigott, AIA, NCARB, LEED AP  
Director

## Attachment C-Economic Feasibility-1

### Visit Levels Chart

## ED FACILITY CODING LEVELS

Facility Charge Assignment		
Level	Possible Interventions	Potential Symptoms/Examples which support the Interventions
<b>I</b> CPT 99281  Type A: APC 609 626 Type B: APC 626 HCPCS: G0380	Initial Assessment No medication or treatments Rx refill only, asymptomatic Note for Work or School Wound recheck Booster or follow up immunization, no acute injury Dressing changes (uncomplicated) Suture removal (uncomplicated) Discussion of Discharge Instructions (Straightforward)	Insect bite (uncomplicated) Read Tb test
<b>II</b> CPT 99282  Type A: APC 613 Type B: APC 627 HCPCS: G0381	Could include interventions from previous levels, plus any of: Tests by ED Staff (Urine dip, stool hemocult, Accucheck or Dextrostix) Visual Acuity (Snellen) Obtain clean catch urine Apply ace wrap or sling Prep or assist w/ procedures such as: minor laceration repair, I& D of simple abscess, etc. Discussion of Discharge Instructions (Simple)	Localized skin rash, lesion, sunburn Minor viral infection Eye discharge-painless Ear Pain Urinary frequency without fever Simple trauma (with no X-rays)
<b>III</b> CPT 99283  Type A: APC 614 Type B: APC 628 HCPCS: G0382	Could include interventions from previous levels, plus any of: Receipt of EMS/Ambulance patient Heparin/saline lock (1) Nebulizer treatment Preparation for lab tests described in CPT (80048-87999 Codes) Preparation for EKG Preparation for plain X-rays of only 1 area (hand, shoulder, pelvis, etc.) Prescription medications administered PO Foley catheters; In & Out caths C-Spine precautions Fluorescein stain Emesis/ Incontinence care Prep or assist with procedures such as: joint aspiration/injection, simple fracture care etc. Mental Health-anxious, simple treatment Routine psych medical clearance Limited social worker intervention Post mortem care Direct Admit via ED Discussion of Discharge Instructions (Moderate Complexity)	Minor trauma (with potential complicating factors) Medical conditions requiring prescription drug management Fever which responds to antipyretics Headache - Hx of, no serial exam Head injury - without neurologic symptoms Eye pain Mild dyspnea - not requiring oxygen

Facility Charge Assignment		
Level	Possible Interventions	Potential Symptoms/Examples which support the Interventions
IV CPT 99284  Type A: APC 615 Type B: APC 629 HCPCS: G0383	Could include interventions from previous levels, plus any of: Preparation for 2 diagnostic tests: (Labs, EKG, X-ray) Prep for plain X-ray (multiple body areas): C-spine & foot, shoulder & pelvis Prep for special imaging study (CT, MRI, Ultrasound, VQ scans) Cardiac Monitoring (2) Nebulizer treatments Port-a-cath venous access Administration and Monitoring of infusions or parenteral medications ( IV, IM, IO, SC) NG/PEG Tube Placement/Replacement Multiple reassessments Prep or assist w/procedures such as: eye irrigation with Morgan lens, bladder irrigation with 3-Foley, pelvic exam, etc. Sexual Assault Exam w/ out specimen collection Psychotic patient; not suicidal Discussion of Discharge Instructions (Complex)	Blunt/ penetrating trauma - with limited diagnostic testing Headache with nausea/vomiting Dehydration requiring treatment Vomiting requiring treatment Dyspnea requiring oxygen Respiratory illness relieved with (2) nebulizer treatments Chest Pain - with limited diagnostic testing Abdominal Pain - with limited diagnostic testing Non-menstrual vaginal bleeding Neurologic Symptoms - with limited diagnostic testing
V CPT 99285  Type A: APC 616 Type B: APC 630 HCPCS: G0384	Could include interventions from previous levels, plus any of: Requires frequent monitoring of multiple vital signs (i.e. o <sub>2</sub> sat, BP, cardiac rhythm, respiratory rate) Preparation for ≥ 3 diagnostic tests: (Labs, EKG, X-ray) Prep for special imaging study (CT, MRI, Ultrasound, VQ scan) combined with multiple tests or parenteral medication or oral or IV contrast. Administration of Blood Transfusion/Blood Products Oxygen via face mask or NRB Multiple Nebulizer Treatments: (3) or more (if nebulizer is continuous, each 20 minute period is considered treatment) Moderate Sedation Prep or assist with procedures such as: central line insertion, gastric lavage, LP, paracentesis, etc. Cooling or heating blanket Extended Social Worker intervention Sexual Assault Exam w/ specimen collection by ED staff Coordination of hospital admission / transfer or change in living situation or site Physical/Chemical Restraints; Suicide Watch Critical Care less than 30 minutes	Blunt / penetrating trauma requiring multiple diagnostic tests Systemic multi-system medical emergency requiring multiple diagnostics Severe infections requiring IV/IM antibiotics Uncontrolled DM Severe burns Hypothermia New-onset altered mental status Headache (severe): CT and/or LP Chest Pain - multiple diagnostic tests/treatments Respiratory illness--relieved by (3) or more nebulizer treatments Abdominal Pain—multiple diagnostic tests/treatments Major musculoskeletal injury Acute peripheral vascular compromise of extremities Neurologic symptoms - multiple diagnostic tests/treatments Toxic ingestions Mental health problem - suicidal/homicidal

Source: ACEP ED Facility Level Coding Guidelines

**Attachment C, Economic Feasibility-10**  
**Income Statement / Balance Sheet**  
**Current Audited Financial Statement**

NORTHCREST MEDICAL CENTER  
AND AFFILIATES

SPRINGFIELD, TENNESSEE

CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2014 AND 2013

NORTHCREST MEDICAL CENTER  
AND AFFILIATES

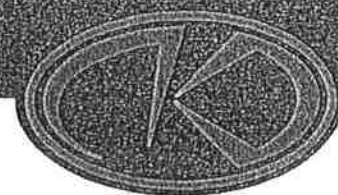
SPRINGFIELD, TENNESSEE

CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2014 AND 2013

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITOR'S REPORT</u> .....	1 - 2
<u>CONSOLIDATED FINANCIAL STATEMENTS</u>	
Consolidated Balance Sheets .....	3
Consolidated Statements of Operations and Changes in Unrestricted Net Assets .....	4
Consolidated Statements of Cash Flows .....	5
Notes to Consolidated Financial Statements .....	6 - 26



KraftCPAs  
PLLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
NorthCrest Medical Center and Affiliates  
Springfield, Tennessee

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of NorthCrest Medical Center and Affiliates (collectively, the "Hospital"), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in unrestricted net assets, and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NorthCrest Medical Center and Affiliates as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kraj+CPAs PLLC

Nashville, Tennessee  
October 13, 2014

## NORTHCREST MEDICAL CENTER AND AFFILIATES

## CONSOLIDATED BALANCE SHEETS

JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 3,991,923	\$ 2,883,246
Short-term investments	4,230,427	6,167,493
Patient accounts receivable, less allowance for doubtful accounts of \$6,918,115 in 2014 and \$5,532,288 in 2013	14,304,414	16,374,207
Other receivables	467,351	1,194,363
Current maturities of notes receivable	86,633	32,547
Inventories	1,496,616	1,491,629
Prepaid expenses	760,168	986,831
TOTAL CURRENT ASSETS	25,337,532	29,130,316
Property and equipment, net	34,295,618	37,412,793
Loan costs, net of accumulated amortization of \$234,314 in 2014 and \$152,769 in 2013	1,619,520	1,630,957
Notes receivable, less current maturities	341,241	495,534
Investments	7,643,365	4,678,412
TOTAL ASSETS	\$ 69,237,276	\$ 73,348,012
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 1,643,600	\$ 2,075,600
Current maturities of capital lease obligations	1,049,820	1,188,889
Accounts payable	1,344,759	1,430,860
Estimated third-party payor settlements	168,503	622,279
Accrued expenses	4,409,149	5,586,520
TOTAL CURRENT LIABILITIES	8,615,831	10,904,148
Fair value of interest rate swap agreement	4,848,069	5,005,282
Long-term debt, less current maturities	37,504,200	39,125,400
Capital lease obligations, less current maturities	2,421,090	2,424,753
TOTAL LIABILITIES	53,389,190	57,459,583
Unrestricted net assets	15,848,086	15,888,429
TOTAL LIABILITIES AND NET ASSETS	\$ 69,237,276	\$ 73,348,012

See accompanying notes to consolidated financial statements.

## NORTHCREST MEDICAL CENTER AND AFFILIATES

## CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT		
Patient service revenue, net of contractual adjustments and discounts	\$ 82,976,533	\$ 85,062,732
Less provision for bad debts	(12,071,885)	(11,905,159)
Net patient service revenue	70,904,648	73,157,573
Other revenue	2,764,610	3,409,304
TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT	73,669,258	76,566,877
EXPENSES		
Salaries and benefits	39,432,295	43,416,668
Supplies and other expenses	20,685,496	21,706,771
Purchased services	8,084,153	8,304,804
Depreciation and amortization	4,575,346	4,160,808
Interest expense	2,096,320	2,144,851
TOTAL EXPENSES	74,873,610	79,733,902
OPERATING LOSS	(1,204,352)	(3,167,025)
NONOPERATING REVENUES		
Contributions	371,064	367,543
Investment income	212,478	705,632
TOTAL NONOPERATING REVENUES	583,542	1,073,175
DEFICIENCY OF REVENUES, GAINS AND OTHER SUPPORT OVER EXPENSES	(620,810)	(2,093,850)
Change in net unrealized gains (losses) on investments	423,253	(272,388)
Change in fair value of interest rate swap agreement	157,214	2,208,009
CHANGE IN UNRESTRICTED NET ASSETS	(40,343)	(158,229)
NET ASSETS - BEGINNING OF YEAR	15,888,429	16,046,658
NET ASSETS - END OF YEAR	\$ 15,848,086	\$ 15,888,429

See accompanying notes to consolidated financial statements.

## NORTHCREST MEDICAL CENTER AND AFFILIATES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

## YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ (40,343)	\$ (158,229)
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,692,743	4,305,422
Provision for bad debts	12,071,885	11,905,159
Unrealized (gain) loss on other than trading securities	(423,253)	272,388
Change in fair value of interest rate swap agreement	(157,214)	(2,208,009)
Gain on disposal of property and equipment	(235,897)	(361,725)
Changes in assets and liabilities:		
Patient accounts receivable	(10,002,092)	(14,752,372)
Other receivables	727,012	(952,102)
Inventories	(4,987)	(35,691)
Prepaid expenses	226,663	(254,474)
Accounts payable	(86,101)	73,319
Estimated third-party payor settlements	(453,776)	28,039
Accrued expenses	(1,177,371)	72,178
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,137,269	(2,066,097)
INVESTING ACTIVITIES		
Purchases of property and equipment	(297,547)	(2,759,286)
Proceeds from sale of property and equipment	312,800	447,711
Purchases of investments	(3,163,753)	(3,499,874)
Proceeds from sale of investments	2,559,119	9,673,911
Advances on notes receivable	(17,190)	(327,435)
Collections on notes receivable	-	4,285
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(606,571)	3,539,312
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	-	492,000
Principal payments on long-term debt	(2,053,200)	(1,373,000)
Principal payments on capital lease obligations	(1,298,713)	(1,066,786)
Payment of loan costs	(70,108)	-
NET CASH USED IN FINANCING ACTIVITIES	(3,422,021)	(1,947,786)
CHANGE IN CASH AND CASH EQUIVALENTS	1,108,677	(474,571)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,883,246	3,357,817
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,991,923	\$ 2,883,246
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 2,096,320	\$ 2,144,851
NONCASH INVESTING AND FINANCIAL ACTIVITIES		
Assets acquired through capital lease obligations	\$ 1,155,979	\$ 2,298,351

See accompanying notes to consolidated financial statements.

NORTHCREST MEDICAL CENTER AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 - NATURE OF OPERATIONS

NorthCrest Medical Center and Affiliates (the "Hospital") is a Tennessee nonprofit corporation that operates a 109-bed general acute care facility. The Hospital provides a full range of medical services to both inpatients and outpatients in and around the Springfield, Tennessee area.

Admitting physicians are primarily practitioners in the local area.

Also included in the accompanying consolidated financial statements are the Hospital's wholly-owned subsidiaries, NorthCrest Strategic Services, Inc. ("NCSS") and NorthCrest Physician Services, Inc., ("NCPS"), both of which are for-profit corporations engaged in providing healthcare services, NorthCrest Health Network, LLC ("NHN"), a nonprofit physician hospital organization and NorthCrest Medical Center Foundation (the "Foundation" or "NCF"), a Tennessee nonprofit corporation organized to foster, promote, develop and provide healthcare facilities in Robertson County, Tennessee.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital, its wholly-owned subsidiaries discussed above and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most sensitive estimates included in these consolidated financial statements relate to the allowance for doubtful accounts, contractual allowances, estimated third-party payor settlements and self-insurance liabilities. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

In particular, laws and regulations governing the Medicare and Medicaid/TennCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less when acquired.

Patient Accounts Receivable and Provision for Bad Debts

Patient accounts receivable are reported net of both an estimated allowance for contractual adjustments and an estimated allowance for uncollectible accounts. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, TennCare and other third party payer programs. Receivables are generally uncollateralized, but credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and payors. The Hospital routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies. Late fees and interest charges, if any, are recognized when received.

The bad debt allowance is estimated based upon the age of the account, prior experience and any unusual circumstances which affect the collectibility including trends in Federal and state governmental health care coverage and other collection indicators.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income

Investments consist of U.S. government securities and obligations of its agencies, mortgage-backed securities and marketable equity and debt securities. Investments are measured at fair value.

Short-term investments are stated at cost and consist of money market funds held in brokerage accounts and certificates of deposits with original maturities greater than three months.

Investment income (including realized gains and losses on investments, interest and dividends) is included in nonoperating revenues. Changes in net unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues, gains and other support over expenses.

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the accompanying consolidated balance sheets and consolidated statement of operations and changes in unrestricted net assets.

Notes Receivable

In order to recruit physicians to the Hospital and the surrounding community, the Hospital periodically makes agreements with physicians in which the Hospital guarantees revenue to the physician or pays medical school expenses for the physicians. The Hospital also periodically makes agreements with medical and nursing students to pay education expenses once the students become employees of the Hospital. Each physician or employee signs a note agreement whereby the physician or employee agrees to repay the monies advanced by the Hospital over a certain period of time. However, the note agreements provide that the physician or employee may repay the note by continuing medical practice or employment with the Hospital. In such cases, the Hospital amortizes the related notes over the life of the agreement beginning approximately one year after the physician or employee begins providing medical services. If a physician or employee does not continue providing medical services as required in the note agreement, the physician or employee is required to repay the unamortized portion of the note receivable back to the Hospital.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Receivable - Continued

The Hospital recognizes interest income when earned. The Hospital's management regularly reviews the notes receivable and provides an allowance for uncollectible amounts when considered necessary. As of June 30, 2014 and 2013, the Hospital did not consider any allowance to be necessary related to the notes receivable.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated on the basis of the lower of cost, determined on a first-in, first-out ("FIFO") method or market.

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated items, on the basis of fair market value at date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase values, change capacities or extend useful lives are capitalized, as is interest on amounts borrowed to finance such expenditures.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for buildings and 4 to 20 years for equipment. Assets under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset. Amortization of equipment under capital leases is included in the depreciation and amortization on the accompanying financial statements.

Long-Lived Assets

Management evaluates the recoverability of its investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Loan Costs

Loan costs associated with the issuance of long-term debt are recorded net of accumulated amortization and are amortized using the straight-line method over the term of the respective debt agreements. Amortization expense amounted to approximately \$82,000 and \$79,000 for 2014 and 2013, respectively. Amortization related to loan costs is expected to be approximately \$83,000 for each year ending June 30, 2015 through 2019.



NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Hospital's policy is to compensate employees for unused, earned vacation leave. Accumulated vacation pay is accrued as of the balance sheet date because it is payable upon termination of employment if certain conditions are met. The aforementioned liability is included in accrued expenses and is classified as a current liability in the accompanying consolidated balance sheets.

Net Assets

All resources that are not restricted by donors are included in unrestricted net assets. Resources temporarily restricted by donors for specific purposes are reported as temporarily restricted net assets. When the specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are reclassified to unrestricted net assets and reported in the consolidated statement of operations and changes in net assets. Resources temporarily restricted by donors for additions to land, building and equipment are initially reported as temporarily restricted net assets and are transferred to unrestricted net assets when expended. Donor-imposed restrictions which stipulate that the resources be maintained permanently are reported as permanently restricted net assets. Investment income for these permanently restricted net assets is classified as either temporarily restricted or unrestricted based on the intent of the donor. At June 30, 2014 and 2013, there are no permanently or temporarily restricted net assets.

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive and prospective adjustments under reimbursement agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by the Hospital. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The primary third-party programs include Medicare and Medicaid/TennCare, which account for a significant amount of the Hospital's revenue. The laws and regulations under which the Medicare and Medicaid/TennCare programs operate are complex and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustment to program reimbursement previously received and subject the Hospital to fines and penalties. Although no assurance can be given, management believes it has complied with the requirement of these programs.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity policy without charge. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care they provide. Those records include the amount of charges for services and supplies furnished to patients at no charge.

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 began providing for Medicare and Medicaid incentive payments beginning in 2011 for eligible hospitals and professionals that adopt and meaningfully use certified electronic health record ("EHR") technology. The Hospital must attest to certain criteria in order to qualify to receive the incentive payments. The amount of the incentive payments are calculated using predetermined formulas based on available information, primarily related to discharges and patient days. The Hospital utilizes a grant accounting model to recognize EHR incentive revenues and recognizes revenues related to Medicare incentive payments ratably over each EHR reporting period (October 1 to September 30) when it has met meaningful use requirements for certified EHR technology for the EHR reporting period. The Hospital recognized Medicare EHR revenue of \$242,280 and \$855,344 for 2014 and 2013, respectively. The Hospital recognizes Medicaid incentive payments in the period that it qualifies for the funds based on the provisions of the State of Tennessee Division of Medicaid. The Hospital recognized \$178,160 and \$122,733 of revenues related to Medicaid EHR incentive programs for 2014 and 2013, respectively.

The EHR revenues are reflected in other operating revenues on the accompanying consolidated statements of operations and changes in net assets. Future incentive payments could vary due to certain factors such as availability of federal funding for both Medicare and Medicaid incentive payments and the Hospital's ability to implement and demonstrate meaningful use of certified EHR technology. The Hospital has, and will continue to incur both capital costs and operating expenses in order to implement its certified EHR technology and meet meaningful use requirements in the future. These expenses are ongoing and are projected to continue over all stages of implementation of meaningful use. The timing of recognizing the expenses may not correlate with the receipt of the incentive payments and the recognition of revenues. There can be no assurance that the Hospital will demonstrate meaningful use of certified EHR technology in the future, and the failure to do so could have a material, adverse effect on the results of operations. As a part of operating this program, there is a possibility that government authorities may make adjustments to amounts previously recorded by the Hospital. The Hospital's attestation of demonstrating meaningful use is also subject to review by the appropriate government authorities. The amount of revenue recognized is based on management's best estimate, which is subject to change. Such changes will be reflected in the period in which the changes occur.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess (Deficiency) of Revenues, Gains and Other Support Over Expenses

The consolidated statements of operations and changes in unrestricted net assets include excess (deficiency) of revenues, gains and other support over expenses. Changes in unrestricted net assets, which are excluded from excess (deficiency) of revenues, gains and other support over expenses, consistent with industry practice, include changes in the net unrealized gains and losses on investments and changes in the fair value of the interest rate swap agreement.

Operating Activity

The Hospital's primary purpose is to provide healthcare services through its acute care facility. As such, activities related to the ongoing operations of the Hospital are classified as operating revenues. Operating revenues include those generated from direct patient care, related support services, gains or losses from disposition of operating properties and miscellaneous revenues related to the operations of the Hospital. In addition, contributions and earnings on interest-bearing investments that are used to support health-related activities are reported as nonoperating revenue.

Income Taxes

The Hospital and the Foundation are exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the consolidated financial statements. The Hospital's wholly-owned subsidiaries are for-profit corporations and are taxed under Subchapter "C" of the Internal Revenue Code. These for-profit corporations have incurred significant tax losses. Due to the uncertainty of future taxable income, net deferred tax assets of approximately \$3,420,000 at June 30, 2014 and \$3,020,000 at June 30, 2013 have been fully reserved. The most significant deferred items relate to net operating loss carryforwards, the allowance for doubtful accounts and accrued vacation. These entities have approximately \$14,140,000 of net operating losses available at June 30, 2014 that may be used to offset future taxable income. The net operating losses expire in various years beginning June 30, 2019.

The Hospital follows the guidance for accounting for uncertainty in income taxes recognized in the Hospital's consolidated financial statements that prescribes a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The guidance also addresses the derecognition, classification, interest and penalties, accounting in interim periods and required disclosures.

The Hospital has determined that there are no significant uncertain tax positions at June 30, 2014 or 2013. If interest and penalties are incurred related to uncertain tax positions, such amounts would be recognized in income tax expense. Tax periods for all fiscal years after 2010 remain open to examination by the federal and state taxing jurisdictions to which the Hospital is subject.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Hospital classifies its investments based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available) and Level 3 (securities valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

*Investments* - Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments in U.S. Treasury securities, debt obligations and mortgage-backed securities are based primarily on other observable values, such as interest rates and yield curves.

No changes in the valuation methodologies have been made since the prior year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date other observable values, such as interest rates and yield curves.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Advertising costs for the year ended June 30, 2014 and 2013 were \$308,954 and \$326,589, respectively.

Reclassifications

Certain reclassifications were made to the prior year's consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

NOTE 3 - CREDIT RISK AND OTHER CONCENTRATIONS

The Hospital generally maintains cash and cash equivalents on deposit at banks in excess of federally insured amounts. The Hospital has not experienced any losses in such accounts.

The Hospital's primary concentration of credit risk is patient accounts receivable, which consist of amounts owed by various governmental agencies, insurance companies and patients. The Hospital manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. The mix of receivables from patient and third-party payors as of June 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Medicare	20 %	21 %
Medicaid/TennCare	14	14
Other third-party payors	34	31
Self-pay	<u>32</u>	<u>34</u>
Total	<u><u>100</u></u>	<u><u>100</u></u>

Concentration of credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and third-party payors.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 4 - PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital is reimbursed for these items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2011.

For outpatient services, the Center for Medicare and Medicaid Services ("CMS") established an outpatient prospective payment system ("OPPS") which established groups called Ambulatory Payment Classifications ("APC") for outpatient procedures. Payment is made for each APC depending upon the service rendered.

Medicaid

The Medicaid program reimburses the Hospital for the cost of services rendered to Medicaid beneficiaries at a prospective rate which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid. The reimbursement cap is expressed as a per diem.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. For the years ended June 30, 2014 and 2013, net patient service revenue increased approximately \$591,000 and \$38,000, respectively, due to adjustments in excess of amounts previously estimated.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 4 - PATIENT SERVICE REVENUE (CONTINUED)

TennCare

The TennCare program is a managed care program to provide healthcare coverage to those previously eligible for Medicaid as well as the uninsured population. The Hospital contracts with various managed care organizations which offer both health maintenance organization and preferred provider organization healthcare products. Inpatient reimbursement to the Hospital is received through per diems and Diagnosis-Related Group ("DRG") payments. Outpatient payments are generally received on a discounted fee-for-service basis.

The TennCare program also provides for Essential Access Hospital ("EAH") payments. The methodology for distributing these funds considers each hospital's relative contribution to providing services to TennCare members with eligibility determined each quarter. The Hospital received \$764,813 and \$674,733 for the years ended June 30, 2014 and 2013, respectively. EAH payments are presented as a reduction of contractual adjustments.

Other

The Hospital has entered into other reimbursement arrangements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

The composition of patient service revenue for the years ended June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Gross patient service revenue	\$ 259,113,432	\$ 243,018,989
Less provisions for contractual and other adjustments	<u>176,136,899</u>	<u>157,956,257</u>
	<u>\$ 82,976,533</u>	<u>\$ 85,062,732</u>

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 4 - PATIENT SERVICE REVENUE (CONTINUED)

The composition of gross revenues for patient services rendered for the years ended June 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Medicare	30 %	32 %
Medicaid/TennCare	19	18
Other third-party payors	41	39
Self-pay	<u>10</u>	<u>11</u>
Total	<u>100</u>	<u>100</u>

## NOTE 5 - CHARITY CARE,

The Hospital maintains records to identify and to monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics. The direct and indirect costs associated with these services cannot be identified to specific charity care patients. Therefore, management estimated the costs of these services by calculating a cost to gross charge ratio and multiplying it by the charges associated with services provided to patients meeting the Hospital's charity care guidelines. Costs incurred for charity, based on the cost to charge ratio, was approximately \$1,668,000 and \$1,675,000 in 2014 and 2013, respectively. Included in gross patient service revenues and other adjustments for 2014 and 2013 are approximately \$5,556,000 and \$5,198,000, respectively, from uncompensated care pools.

## NOTE 6 - INVESTMENTS

The composition of investments at June 30 was as follows:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 4,230,427	\$ 6,167,493
U.S. Treasury securities and obligations of the U.S. Government and its agencies	-	507,635
Mortgage-backed securities	366,241	655,454
Equity securities	2,669,850	1,270,978
Corporate bonds	<u>4,607,274</u>	<u>2,244,345</u>
Total	<u>\$ 11,873,792</u>	<u>\$ 10,845,905</u>



NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 7 - NOTES RECEIVABLE

At June 30, 2014 and 2013, the Hospital had \$427,874 and \$528,081, respectively, in unsecured notes receivable due from physicians who practice at the Hospital or in the surrounding community and non-physicians who receive reimbursement for tuition expenses. The notes mature at various dates through December 2018 and bear interest at rates commensurate with market rates at the time of the loan (ranging from 5.0 percent - 9.0 percent).

Amortization related to these notes was \$117,397 and \$144,614 in 2014 and 2013, respectively and included within supplies and other expenses on the consolidated statements of operations and changes in unrestricted net assets. In addition, the Hospital made additional advances under such note agreements of \$17,190 and \$327,435 during 2014 and 2013, respectively.

## NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment at June 30 was as follows:

	<u>2014</u>	<u>2013</u>
Land	\$ 4,150,958	\$ 4,150,958
Buildings	47,365,127	47,620,490
Equipment	<u>43,502,100</u>	<u>42,133,876</u>
	95,018,185	93,905,324
Less accumulated depreciation and amortization	<u>(60,722,567)</u>	<u>(56,492,531)</u>
	<u>\$ 34,295,618</u>	<u>\$ 37,412,793</u>

Depreciation and amortization expense related to these assets was approximately \$4,494,000 and \$4,082,000 in 2014 and 2013, respectively.

## NORTHCREST MEDICAL CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 9 - LONG-TERM DEBT

Long-term debt at June 30 was as follows:

	2014	2013
Hospital Revenue Refunding Bonds, Series 2010A (a)	\$ 26,821,802	\$ 27,932,914
Hospital Revenue Refunding Bonds, Series 2010B (a)	5,163,198	5,377,086
Hospital Revenue Refunding Bonds, Series 2010C (a)	2,261,000	2,374,000
Hospital Revenue Refunding Bonds, Series 2010D (a)	4,901,800	5,025,000
Term Loan (b)	-	492,000
Total long-term debt	39,147,800	41,201,000
Less current maturities	(1,643,600)	(2,075,600)
	<u>\$ 37,504,200</u>	<u>\$ 39,125,400</u>

- (a) Effective December 30, 2010, the Hospital issued The Health and Education Facilities Board of the City of Springfield, Hospital Revenue Refunding Bonds, Series 2010A, 2010B, 2010C and 2010D ("2010 Revenue Bonds") which were primarily used to advance refund the Series 2008 and 2006B Hospital Revenue Refunding Bonds. As a result of the refinancing, the Hospital paid off the bonds and was legally released as the obligor of the Series 2008 Hospital Revenue Refunding Bonds and the Series 2006B Hospital Revenue Bonds.

Interest is payable monthly at variable rates (2.01 and 2.03 percent at June 30, 2014 and 2013 for Series 2010A and 2010B, respectively) (2.70 and 2.74 percent at June 30, 2014 and 2013 for Series 2010C and 2010D, respectively), principal is payable in annual installments through August 2032; collateralized by a first deed of trust on the Hospital building, accounts receivable, inventory, equipment, furniture and fixtures.

The master trust indenture, under which the 2010 Revenue Bonds were issued, and the related reimbursement and credit agreements contain several covenants, the most restrictive of which are the maintenance of certain minimum financial ratios and limitations on the incurrence of additional debt. Effective September 30, 2013, the Financing Agreement was amended to change the required Debt Service Coverage Ratio.

- (b) In June 2013, the Hospital entered into a loan agreement for \$492,000 with First Tennessee Bank NA. The interest rate was variable at LIBOR plus 275 basis points per annum. Debt service payments commenced on July 31, 2013 and were payable monthly through June 30, 2014.

NORTHCREST MEDICAL CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 9 - LONG-TERM DEBT (CONTINUED)

A summary of future maturities of long-term debt as of June 30, 2014 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 1,643,600
2016	1,719,200
2017	1,793,800
2018	1,883,400
2019	1,969,200
Thereafter	30,138,600
	<u>\$ 39,147,800</u>

NOTE 10 - CAPITAL LEASE OBLIGATIONS

The Hospital leases equipment under capital lease agreements that expire at various times and have various renewal options.

The Hospital's obligations under these capital leases as of June 30 were as follows:

	<u>2014</u>	<u>2013</u>
Minimum lease payments payable	\$ 3,654,317	\$ 3,797,264
Less portion representing interest	<u>(183,407)</u>	<u>(183,622)</u>
Capital lease obligations	3,470,910	3,613,642
Less current maturities	<u>(1,049,820)</u>	<u>(1,188,889)</u>
Long-term maturities	<u>\$ 2,421,090</u>	<u>\$ 2,424,753</u>

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 10 - CAPITAL LEASE OBLIGATIONS (CONTINUED)

Future minimum annual lease payments payable under the capital leases as of June 30, 2014 were as follows:

Year Ending June 30,	
2015	\$ 1,136,883
2016	1,084,322
2017	736,191
2018	565,220
2019	131,701
Minimum lease payments payable	3,654,317
Less portion representing interest	(183,407)
	<u>\$ 3,470,910</u>

Equipment utilized under capital leases as of June 30 was as follows:

	2014	2013
Equipment	\$ 12,026,638	\$ 10,864,609
Less accumulated depreciation	<u>(8,325,675)</u>	<u>(7,189,185)</u>
	<u>\$ 3,700,963</u>	<u>\$ 3,675,424</u>
Amortization expense	<u>\$ 1,136,490</u>	<u>\$ 891,807</u>

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 11 - EMPLOYEE BENEFIT PLANS

The Hospital has a defined contribution retirement plan. Employees were eligible to participate in the Plan on the first day of the month following the date the employee completed 90 days of service and had attained the age of 19. Effective January 1, 2013, the Plan was amended making employees eligible to participate in the Plan on the first day of the month following the date the employee completes one year of service and has attained the age of 21. The Hospital makes a matching contribution of 25 percent of employee contributions up to 3 percent of compensation. In addition, the Hospital can make discretionary contributions to the plan as defined in the plan document. The Hospital's retirement plan contribution expense was approximately \$150,500 and (\$228,350) for the years ended June 30, 2014 and 2013, respectively.

During 2011, the Hospital entered into a self-funded health insurance program for its employees. Prior to entering into the self-funded arrangement, the Hospital provided for employee health insurance under a fully insured plan. Claims against the program are administered by an independent risk management firm. Claims are recorded as an expense as they are paid. An annual estimate is accrued for both reported claims and claims incurred but not reported at year end. The Hospital has recorded a reserve in the amount of \$795,000 and \$922,000 at June 30, 2014 and 2013, respectively. Total expense for claims incurred for the year ended June 30, 2014 and 2013 was \$3,202,401 and \$3,866,505, respectively.

Effective January 1, 2013, the Hospital entered into a stop loss insurance policy which may limit claims expense paid for both individual employees and in the aggregate once certain claims thresholds have been exceeded during the policy year. Premiums for the stop loss policy are paid by the Hospital based upon the number of employees per month.

## NOTE 12 - OPERATING LEASES

The Hospital leases various equipment and office space under operating leases expiring at various dates through December 2019. Total rental expense in 2014 and 2013 for all operating leases was approximately \$1,728,000 and \$1,650,000, respectively.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 12 - OPERATING LEASES (CONTINUED)

The following is a schedule by year of future minimum lease payments under noncancelable operating leases as of June 30, 2014, that have initial or remaining lease terms in excess of one year:

Year Ending June 30,	
2015	\$ 718,955
2016	273,724
2017	71,888
2018	28,385
2019	<u>6,711</u>
	<u>\$ 1,099,663</u>

It is expected that in the normal course of business, leases and service agreements that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease and service agreement payments will not be less than the commitment for 2015.

## NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES

The Hospital currently maintains medical malpractice insurance on a claims-made basis through Arch Specialty Insurance Company ("Arch"). The Hospital's policy with Arch offers coverage for any claims incurred and reported during the policy period. Should the Hospital's claims made medical malpractice policy not be renewed or replaced with equivalent insurance, claims that are reported subsequent to the policy date will not be insured. The Hospital intends to continue carrying the claims-made insurance. Management and legal counsel are not aware of any incidents that would ultimately result in a loss in excess of the Hospital's insurance coverage.

NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENT

Effective August 1, 2008, in connection with the issuance of the 2008 Revenue Refunding Bonds, the Hospital entered into an interest rate swap agreement with a financial institution to reduce the impact of changes in interest rates on the bonds. During 2011, the 2008 Revenue Refunding Bonds were paid off. However, the swap agreement was kept in place to hedge the variable interest rates associated with the new debt (see Note 9). The interest rate swap agreement was amended and restated as of November 1, 2011. Under the amended interest rate swap agreement, which is classified as a cash flow hedge, the Hospital pays interest monthly at a fixed rate of 3.56 percent and receives interest monthly at 65% of the one-month LIBOR. The net amounts paid to or received from the counterparty to the swap are included in interest expense. The interest rate swap agreement is recorded at fair value with fair value being determined based upon quoted year-end market rates. Changes in the fair value of the interest rate swap are recorded as a component of unrestricted net assets. The agreement terminates in August 2033 and has an original notional amount of \$38,020,000. Notional amounts do not quantify risk or represent assets or liabilities of the Hospital, but are used in the determination of cash settlements under the agreement.

At June 30, 2014 and 2013, derivative financial instruments consisted of the following:

Designated for hedging:

2014					
<u>Description</u>	<u>Notional</u>	<u>Maturity</u>	<u>Pay Index</u>	<u>Receive Index</u>	<u>Fair Value</u>
Fixed payor	\$ 31,985,000	August 2033	3.56%	65% of 1 - month LIBOR	\$ (4,848,069)

2013					
<u>Description</u>	<u>Notional</u>	<u>Maturity</u>	<u>Pay Index</u>	<u>Receive Index</u>	<u>Fair Value</u>
Fixed payor	\$ 33,310,000	August 2033	3.56%	65% of 1 - month LIBOR	\$ (5,005,282)

## NORTHCREST MEDICAL CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 15 - FAIR VALUE MEASUREMENTS

The following table sets forth the Hospital's major categories of assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31:

Fair Value Measurements at June 30, 2014				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at June 30, 2014
Financial assets				
Mortgage-backed securities	\$ -	\$ 366,241	\$ -	\$ 366,241
Equity securities	2,669,850	-	-	2,669,850
Corporate bonds	4,607,274	-	-	4,607,274
Total assets	<u>\$ 7,277,124</u>	<u>\$ 366,241</u>	<u>\$ -</u>	<u>\$ 7,643,365</u>
Financial liabilities				
Interest rate swap	\$ -	\$ 4,848,069	\$ -	\$ 4,848,069
Total liabilities	<u>\$ -</u>	<u>\$ 4,848,069</u>	<u>\$ -</u>	<u>\$ 4,848,069</u>
Fair Value Measurements at June 30, 2013				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at June 30, 2013
Financial assets				
Government securities	\$ -	\$ 507,635	\$ -	\$ 507,635
Mortgage-backed securities		655,454		655,454
Equity securities	1,270,978	-	-	1,270,978
Corporate bonds	2,244,345	-	-	2,244,345
Total assets	<u>\$ 3,515,323</u>	<u>\$ 1,163,089</u>	<u>\$ -</u>	<u>\$ 4,678,412</u>
Financial liabilities				
Interest rate swap	\$ -	\$ 5,005,282	\$ -	\$ 5,005,282
Total liabilities	<u>\$ -</u>	<u>\$ 5,005,282</u>	<u>\$ -</u>	<u>\$ 5,005,282</u>



NORTHCREST MEDICAL CENTER AND AFFILIATESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)YEARS ENDED JUNE 30, 2014 AND 2013

## NOTE 16 - FUNCTIONAL EXPENSES

The Hospital provides general healthcare services to residents within its geographic location. Expenses related to providing these services are accumulated by function as follows at June 30.

	<u>2014</u>	<u>2013</u>
Nursing and other professional services	\$ 51,466,454	\$ 54,612,913
General and administrative office	16,735,490	18,815,330
Depreciation and interest	<u>6,671,666</u>	<u>6,305,659</u>
	<u>\$ 74,873,610</u>	<u>\$ 79,733,902</u>

## NOTE 17 - SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through October 13, 2014, the date the consolidated financial statements were available to be issued.

In October 2014, the Hospital received payments of approximately \$562,000 related to a class-action settlement for the rural floor neutrality with Medicare cost reports for periods ending 2008 through 2011.

**Attachment C, Contribution to the  
Orderly Development of Health Care-7(b)  
Current License / The Joint Commission Accreditation**

# Board for Licensing Health Care Facilities



State of Tennessee

## DEPARTMENT OF HEALTH

0000000099

No. of Beds 0108

*This is to certify, that a license is hereby granted by the State Department of Health to*

*NORTHCREST MEDICAL CENTER*

*to conduct and maintain a*

*Hospital*

*NORTHCREST MEDICAL CENTER*

*Located at*

*100 NORTHCREST DRIVE, SPRINGFIELD*

*County of*

*ROBERTSON*

*Tennessee*

*This license shall expire*

*JULY 02*

*2016*

*, and is subject*

*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State this 22ND day of JUNE, 2015.*

*In the Distinct Category(ies) of: GENERAL HOSPITAL  
PEDIATRIC BASIC HOSPITAL*



*By*

*James J. Davis, MPH*

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By*

*McJ. Dyke*

COMMISSIONER

JUL 15 15 0404

# NorthCrest Medical Center

## Springfield, TN

has been Accredited by



## The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the  
Hospital Accreditation Program

June 8, 2013

Accreditation is customarily valid for up to 36 months.

*Rebecca J. Patchin, M.D.*

Rebecca J. Patchin, M.D.  
Chair, Board of Commissioners

Organization ID #7910  
Print/Reprint Date: 11/4/13

*Mark R. Chassin, MD, FACP, MPP, MPH*

Mark R. Chassin, MD, FACP, MPP, MPH  
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at [www.jointcommission.org](http://www.jointcommission.org).



**Attachment C, Contribution to the  
Orderly Development of Health Care-8(c)  
Licensure / Certification Inspection Report**

NorthCrest Medical Center  
100 NorthCrest Drive  
Springfield, TN 37172

**Organization Identification Number: 7910**

**Program(s)**  
Hospital Accreditation  
Home Care Accreditation

**Survey Date(s)**  
06/04/2013-06/07/2013

### Executive Summary

**Hospital Accreditation :** As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- Evidence of Standards Compliance (ESC)

---

**Home Care Accreditation :**

As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

# 115 The Joint Commission Summary of Findings

**Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day the survey report was originally posted to your organization's extranet site:**

<b>Program:</b>	Hospital Accreditation Program	
<b>Standards:</b>	EC.04.01.01	EP15
	IC.02.02.01	EP2,EP4
	LS.02.01.10	EP1
	MM.03.01.01	EP7
	MM.03.01.03	EP2
	PC.01.02.07	EP3
	PC.02.01.11	EP2
	PC.03.01.03	EP1
	PC.03.01.05	EP1
	PC.04.01.05	EP8
	UP.01.03.01	EP5
<b>Program:</b>	Home Care Accreditation Program	
<b>Standards:</b>	PC.02.01.01	EP1

**Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:**

<b>Program:</b>	Hospital Accreditation Program	
<b>Standards:</b>	EC.02.01.01	EP5
	EC.02.03.05	EP25
	EC.02.05.01	EP1
	HR.01.04.01	EP7
	LD.04.01.01	EP2
	LS.02.01.35	EP5,EP14
	MS.08.01.01	EP1
	MS.08.01.03	EP1,EP3
	MS.11.01.01	EP1
	PC.01.02.03	EP5
	RC.01.01.01	EP11,EP19

116  
**The Joint Commission  
Summary of Findings**

**Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:**

	RC.01.02.01	EP3
	RI.01.03.01	EP13
<b>Program:</b>	Home Care Accreditation Program	
<b>Standards:</b>	LD.04.03.09	EP16
	MM.05.01.11	EP2
	MM.05.01.19	EP11
	PC.01.03.01	EP41
	RC.01.02.01	EP9



117  
The Joint Commission  
Summary of CMS Findings

**CoP:** §418.100      **Tag:** L649      **Deficiency:** Standard

**Corresponds to:** OME

**Text:** The hospice must organize, manage, and administer its resources to provide the hospice care and services to patients, caregivers and families necessary for the palliation and management of the terminal illness and related conditions.

CoP Standard	Tag	Corresponds to	Deficiency
§418.100(e)	L655	OME - LD.04.03.09/EP16	Standard

**CoP:** §418.106      **Tag:** L687      **Deficiency:** Standard

**Corresponds to:** OME

**Text:** Medical supplies and appliances, as described in §410.36 of this chapter; durable medical equipment, as described in §410.38 of this chapter; and drugs and biologicals related to the palliation and management of the terminal illness and related conditions, as identified in the hospice plan of care, must be provided by the hospice while the patient is under hospice care.

CoP Standard	Tag	Corresponds to	Deficiency
§418.106(e)(2)(i)(C)	L697	OME - MM.05.01.19/EP11	Standard

**CoP:** §482.22      **Tag:** A-0338      **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.22 Condition of Participation: Medical staff

The hospital must have an organized medical staff that operates under bylaws approved by the governing body and is responsible for the quality of medical care provided to patients by the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.22(a)(1)	A-0340	HAP - MS.08.01.03/EP1, EP3	Standard

**CoP:** §482.24      **Tag:** A-0431      **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(4)(v)	A-0466	HAP - RI.01.03.01/EP13	Standard
§482.24(c)(1)	A-0450	HAP - RC.01.02.01/EP3, RC.01.01.01/EP11, EP19	Standard
§482.24(c)(2)	A-0450	HAP - RC.01.02.01/EP3	Standard
§482.24(c)(4)(i)(B)	A-0461	HAP - PC.01.02.03/EP5	Standard

# The Joint Commission Summary of CMS Findings

**CoP:** §482.41 **Tag:** A-0700 **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(c)(2)	A-0724	HAP - EC.02.01.01/EP5	Standard
§482.41(a)	A-0701	HAP - EC.04.01.01/EP15	Standard
§482.41(b)(1)(i)	A-0710	HAP - EC.02.03.05/EP25, LS.02.01.10/EP1, LS.02.01.35/EP5, EP14	Standard

**CoP:** §482.42 **Tag:** A-0747 **Deficiency:** Standard

**Corresponds to:** HAP - IC.02.02.01/EP4

**Text:** §482.42 Condition of Participation: Infection Control

The hospital must provide a sanitary environment to avoid sources and transmission of infections and communicable diseases. There must be an active program for the prevention, control, and investigation of infections and communicable diseases.

**CoP:** §482.51 **Tag:** A-0940 **Deficiency:** Standard

**Corresponds to:** HAP - IC.02.02.01/EP2

**Text:** §482.51 Condition of Participation: Surgical Services

If the hospital provides surgical services, the services must be well organized and provided in accordance with acceptable standards of practice. If outpatient surgical services are offered the services must be consistent in quality with inpatient care in accordance with the complexity of services offered.

**CoP:** §418.56 **Tag:** L538 **Deficiency:** Standard

**Corresponds to:** OME

**Text:** The plan of care must specify the hospice care and services necessary to meet the patient and family-specific needs identified in the comprehensive assessment as such needs relate to the terminal illness and related conditions.

CoP Standard	Tag	Corresponds to	Deficiency
§418.56(e)(2)	L555	OME - PC.02.01.01/EP1	Standard

**CoP:** §418.104 **Tag:** L670 **Deficiency:** Standard

**Corresponds to:** OME

119  
The Joint Commission  
Summary of CMS Findings

**Text:** §418.104 Condition of participation: Clinical records.

CoP Standard	Tag	Corresponds to	Deficiency
§418.104(b)	L679	OME - RC.01.02.01/EP9	Standard

---

**CoP:** §418.112      **Tag:** L760      **Deficiency:** Standard

**Corresponds to:** OME

**Text:** In addition to meeting the conditions of participation at §418.10 through §418.116, a hospice that provides hospice care to residents of a SNF/NF or ICF/MR must abide by the following additional standards.

CoP Standard	Tag	Corresponds to	Deficiency
§418.112(d)(2)	L775	OME - PC.01.03.01/EP41	Standard

---

120  
The Joint Commission  
Findings

**Chapter:** Environment of Care  
**Program:** Hospital Accreditation  
**Standard:** EC.02.01.01

ESC 60 days

**Standard Text:** The hospital manages safety and security risks.

**Primary Priority Focus Area:** Physical Environment

**Element(s) of Performance:**

5. The hospital maintains all grounds and equipment.



**Scoring**

**Category :** C  
**Score :** Partial Compliance

**Observation(s):**

EP 5

§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed that multiple isolation room exhausts on the roof were not labeled as hazardous.

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed that the Pathology hood exhaust on the roof was not labeled as hazardous.

---

**Chapter:** Environment of Care  
**Program:** Hospital Accreditation  
**Standard:** EC.02.03.05

ESC 60 days

**Standard Text:** The hospital maintains fire safety equipment and fire safety building features.  
Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance, testing, and inspection requirements apply.

**Primary Priority Focus Area:** Information Management

# The Joint Commission Findings

## Element(s) of Performance:

25. For hospitals that use Joint Commission accreditation for deemed status purposes: Documentation of maintenance, testing, and inspection activities for fire alarm and water-based fire protection systems includes the following:

- Name of the activity
- Date of the activity
- Required frequency of the activity
- Name and contact information, including affiliation, of the person who performed the activity
- NFPA standard(s) referenced for the activity
- Results of the activity

Note: For additional guidance on documenting activities, see NFPA 25, 1998 edition (Section 2-1.3) and NFPA 72, 1999 edition (Section 7-5.2).



## Scoring

Category : C  
Score : Partial Compliance

## Observation(s):

EP 25

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html).

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Document Review at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

During the Document Review session it was found that the contracted vendors annual and quarterly fire alarm testing/inspection documentation did not include the NFPA standard(s) referenced for the activity(s) performed.

Observed in Document Review at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

During the Document Review session it was found that the contracted vendors annual and quarterly fire suppression system testing/inspection documentation did not include the NFPA standard(s) referenced for the activity(s) performed.

Chapter: Environment of Care

Program: Hospital Accreditation

Standard: EC.02.05.01

Standard Text: The hospital manages risks associated with its utility systems.

Primary Priority Focus Area: Physical Environment

ESC 60 days

122  
**The Joint Commission  
Findings**

**Element(s) of Performance:**

1. The hospital designs and installs utility systems that meet patient care and operational needs. (See also EC.02.06.05, EP 1)



**Scoring**

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

EP 1

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. Observed in the third floor Medical Gas Cylinder storage room, where greater than 3000 cuft. of gas was being stored, that the Mechanical Exhaust system was not a dedicated exhaust.

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. Observed in the third floor Medical Gas Cylinder storage room, where greater than 3000 cuft. of gas was being stored, that the Mechanical Exhaust system fan motor was not on a critical electrical circuit.

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. Observed in the third floor Medical Gas Cylinder storage room, where greater than 3000 cuft. of gas was being stored, that the Mechanical Exhaust system inlet grills were in the ceiling. The inlet grills for the exhaust must be within 1 foot of the floor and unobstructed.

---

**Chapter:** Environment of Care

**Program:** Hospital Accreditation

**Standard:** EC.04.01.01

ESC 45 days

**Standard Text:** The hospital collects information to monitor conditions in the environment.

**Primary Priority Focus Area:** Quality Improvement Expertise/Activities

**Element(s) of Performance:**

15. Every 12 months, the hospital evaluates each environment of care management plan, including a review of the plan's objectives, scope, performance, and effectiveness. (See also EC.01.01.01, EPs 3-8; EC.04.01.03, EP 1)



**Scoring**

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

EP 15

§482.41(a) - (A-0701) - §482.41(a) Standard: Buildings

The condition of the physical plant and the overall hospital environment must be developed and maintained in such a manner that the safety and well-being of patients are assured.

This Standard is NOT MET as evidenced by:

Observed in Environment of Care Session at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

During the Environment of Care session, it was found that the organization had reviewed their plans and it was evident that the organization had reviewed the Objectives and Performance of each plan, but was not evident that they had reviewed the Scope and Effectiveness of each plan.

123  
**The Joint Commission  
Findings**

**Chapter:** Human Resources  
**Program:** Hospital Accreditation  
**Standard:** HR.01.04.01

ESC 60 days

**Standard Text:** The hospital provides orientation to staff.

**Primary Priority Focus Area:** Orientation & Training

**Element(s) of Performance:**

7. The hospital orients external law enforcement and security personnel on the following:
- How to interact with patients
  - Procedures for responding to unusual clinical events and incidents
  - The hospital's channels of clinical, security, and administrative communication
  - Distinctions between administrative and clinical seclusion and restraint



**Scoring**

**Category :** C  
**Score :** Partial Compliance

**Observation(s):**

EP 7

Observed in Tracer Activities in the ER at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. During a visit to the Emergency Room (ER), document review, and numerous discussions, it was determined that the orientation and education of external law enforcement personnel (as addressed in the Care of Law Enforcement Patients policy EOC.SEC.020) was not being done in the ER. The policy stated that "Officers who are guarding a prisoner will receive "An Officer Orientation Sheet" ..." The director of security could not say that the Officer Orientation Sheet was consistently being distributed in the ER according to the policy. After asking about this process in the ER, the survey coordinator reported that the nursing staff were not using the Officer Orientation Sheet.

Observed in Tracer Activities in ER at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. Small sample size.

**Chapter:** Infection Prevention and Control  
**Program:** Hospital Accreditation  
**Standard:** IC.02.02.01

ESC 45 days

**Standard Text:** The hospital reduces the risk of infections associated with medical equipment, devices, and supplies.

**Primary Priority Focus Area:** Infection Control

124  
The Joint Commission  
Findings

**Element(s) of Performance:**

2. The hospital implements infection prevention and control activities when doing the following: Performing intermediate and high-level disinfection and sterilization of medical equipment, devices, and supplies. \* (See also EC.02.04.03, EP 4)



Note: Sterilization is used for items such as implants and surgical instruments. High-level disinfection may also be used if sterilization is not possible, as is the case with flexible endoscopes.

Footnote \*: For further information regarding performing intermediate and high-level disinfection of medical equipment, devices, and supplies, refer to the website of the Centers for Disease Control and Prevention (CDC) at

[http://www.cdc.gov/hicpac/Disinfection\\_Sterilization/acknowledg.html](http://www.cdc.gov/hicpac/Disinfection_Sterilization/acknowledg.html) (Sterilization and Disinfection in Healthcare Settings).

**Scoring**

**Category :**

A

**Score :**

Insufficient Compliance

4. The hospital implements infection prevention and control activities when doing the following: Storing medical equipment, devices, and supplies.



**Scoring**

**Category :**

C

**Score :**

Partial Compliance

**Observation(s):**

EP 2

§482.51 - (A-0940) - §482.51 Condition of Participation: Condition of Participation: Surgical Services

This Condition is NOT MET as evidenced by:

Observed in Tracer Activities at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

It was observed in the Newborn Nursery Isolation Room, where circumcisions are performed, that sterile gomko instruments had been double packaged in paper-plastic pouches with the inner sealed pouch requiring folding to make it fit into the outer pouch. This is contrary to current standards for proper instrument packaging and processing.

EP 4

§482.42 - (A-0747) - §482.42 Condition of Participation: Condition of Participation: Infection Control

This Condition is NOT MET as evidenced by:

Observed in Tracer Activities at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

During tracer activity in the Women's Center, it was noted in Triage Room 241, that multiple hemocult cards had expired 11/12. In addition, multiple gen probes had expired 5/31/13. It was also noted in the Clean Utility Room that two angiocaths had expired 2012 and 2013, but remained on the shelf available for use.

Observed in Tracer Activities on MS2 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the pediatric examination room, it was noted that there were 15 units of "strep and flu swabs" that were outdated (i.e. expiration date 4/2013).

**Chapter:**

Leadership

**Program:**

Hospital Accreditation



125  
**The Joint Commission  
Findings**

**Standard:** LD.04.01.01

ESC 60 days

**Standard Text:** The hospital complies with law and regulation.

**Primary Priority Focus Area:** Communication

**Element(s) of Performance:**

2. The hospital provides care, treatment, and services in accordance with licensure requirements, laws, and rules and regulations.



**Scoring**

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

EP 2

Observed in Individual Tracer at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. During tracer activity and review of the record of care for the process for documenting the administration of Hepatitis B vaccines, it was noted that the staff do not document the version of the vaccine information sheet in the medical record as required by the National Childhood Vaccine Injury Act.

---

**Chapter:** Life Safety

**Program:** Hospital Accreditation

**Standard:** LS.02.01.10

ESC 45 days

**Standard Text:** Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.

**Primary Priority Focus Area:** Physical Environment

**Element(s) of Performance:**

1. Buildings meet requirements for height and construction type in accordance with NFPA 101-2000: 18/19.1.6.2.



**Scoring**

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

# The Joint Commission Findings

## EP 1

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html).

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed in the Penthouse Mechanical space, the structural steel spray coating had been removed in multiple areas to accommodate clamps and or pipes and was not re-insulated.

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed in the Physical Plant space, the structural steel spray coating had been removed in multiple areas to accommodate clamps and or pipes and was not re-insulated.

**Chapter:** Life Safety  
**Program:** Hospital Accreditation  
**Standard:** LS.02.01.35

ESC 60 days

**Standard Text:** The hospital provides and maintains systems for extinguishing fires.

**Primary Priority Focus Area:** Physical Environment

### Element(s) of Performance:

5. Sprinkler heads are not damaged and are free from corrosion, foreign materials, and paint. (For full text and any exceptions, refer to NFPA 25-1998: 2-2.1.1)



### Scoring

**Category :** C  
**Score :** Insufficient Compliance

14. The hospital meets all other Life Safety Code automatic extinguishing requirements related to NFPA 101-2000: 18/19.3.5.



### Scoring

**Category :** C  
**Score :** Partial Compliance

### Observation(s):

## The Joint Commission Findings

### EP 5

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html).

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed in the #4 radiology room were fire suppression heads coated with a thick layer of dust.

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed in the #3 radiology room were fire suppression heads coated with a thick layer of dust.

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed in the Same Day Surgery suite were fire suppression heads coated with a thick layer of dust.

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed in the the Cardiac Rehabilitation area were fire suppression heads coated with a thick layer of dust.

### EP 14

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html).

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed in the Cardiac Rehabilitation storage room were missing ceiling tiles.

Observed in Building Tour at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

Observed in the radiology waiting room was a fire suppression head missing its escutcheon ring. This was corrected during the survey.

---

<b>Chapter:</b>	Medical Staff
<b>Program:</b>	Hospital Accreditation
<b>Standard:</b>	MS.08.01.01

ESC 60 days

128  
**The Joint Commission  
Findings**

**Standard Text:** The organized medical staff defines the circumstances requiring monitoring and evaluation of a practitioner's professional performance.

**Primary Priority Focus Area:** Credentialed Practitioners

**Element(s) of Performance:**

1. A period of focused professional practice evaluation is implemented for all initially requested privileges.



**Scoring**

**Category :** A  
**Score :** Insufficient Compliance

**Observation(s):**

EP 1

Observed in Credentialing and Privileging at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site.

During a review of a completed Focused Professional Practice Evaluation (FPPE) period for a newly appointed radiologist, the documents provided to show the completion of the FPPE did not indicate that the process was privilege specific. For example, the radiologist had kyphoplasty privileges, but a review of the procedures that he performed during the period of the FPPE did not indicate that a kyphoplasty had been done; and therefore, could not have been evaluated. This privilege did not appear to be grouped with any similar privilege. Also, one could not determine whether the privilege for moderate sedation had been evaluated during the FPPE. In the FPPE documents of a newly appointed cardiologist, one could determine that the cardiologist had taken care of a specific number of patients with chest pain, but could not determine whether this involved cardiac catheterization with or without stent insertions; with or without moderate sedation. During the discussion, the physicians present agreed that the FPPE process needed to be more privilege specific, with documentation that could demonstrate the evaluation of specific privileges during the FPPE. The FPPE policy did not provide any information concerning the need to evaluate each new privilege, or group of very similar activities, during the FPPE.

---

**Chapter:** Medical Staff  
**Program:** Hospital Accreditation  
**Standard:** MS.08.01.03

ESC 60 days

**Standard Text:** Ongoing professional practice evaluation information is factored into the decision to maintain existing privilege(s), to revise existing privilege(s), or to revoke an existing privilege prior to or at the time of renewal.

**Primary Priority Focus Area:** Credentialed Practitioners

129  
**The Joint Commission  
Findings**

**Element(s) of Performance:**

1. The process for the ongoing professional practice evaluation includes the following: There is a clearly defined process in place that facilitates the evaluation of each practitioner's professional practice.



**Scoring**

**Category :** A  
**Score :** Insufficient Compliance

3. The process for the ongoing professional practice evaluation includes the following: Information resulting from the ongoing professional practice evaluation is used to determine whether to continue, limit, or revoke any existing privilege(s).



**Scoring**

**Category :** A  
**Score :** Insufficient Compliance

**Observation(s):**

**EP 1**

§482.22(a)(1) - (A-0340) - (1) The medical staff must periodically conduct appraisals of its members.

This Standard is NOT MET as evidenced by:

Observed in Credentialing and Privileging at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

The policy for the Ongoing Professional Practice Evaluation (OPPE) did not address a number of the components addressed in the FAQ for the OPPE. The discussion indicated that the Quality Department forwarded quality data to the department chiefs quarterly, but the data only addressed the physicians that "trended out" during the data collection. The only documentation of any decisions by the department chiefs for the majority of physicians would occur at the two year reappointment. The policy did not provide for the evaluation of all of the practitioners on a frequency that was ongoing (less than every 12 months). Although the organization was collecting data on the individual practitioners, the methods used to evaluate the practitioners did not comply with the requirements of this Element of Performance; and therefore, did not provide the necessary "clearly defined process".

**EP 3**

§482.22(a)(1) - (A-0340) - (1) The medical staff must periodically conduct appraisals of its members.

This Standard is NOT MET as evidenced by:

Observed in Credentialing and Privileging at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

The Ongoing Professional Practice Evaluation (OPPE) process did not include all the practitioners in documented evaluations by the department chiefs at intervals of less than every 12 months. The Quality Department presented to the department chiefs the data on those practitioners that "trended out" based on the established criteria. It was only at appointment that all of the practitioners would be evaluated by the department chiefs, and have documented decisions concerning the status of the practitioners' privileges. The organization's OPPE policy did not comply with the requirements of the standard to evaluate and document decisions for all of the practitioners at a frequency of less than 12 months. Only the practitioners that "trended out" during the Quality Department's analysis were being evaluated more frequently than every two years by the department chiefs. The OPPE file of a general surgeon had quarterly data, but did not have a review and a documented decision by a department chief since he did not "trend out" on any of the criteria being reviewed.

---

**Chapter:** Medical Staff  
**Program:** Hospital Accreditation  
**Standard:** MS.11.01.01

ESC 60 days

120  
**The Joint Commission  
Findings**

**Standard Text:**

The medical staff implements a process to identify and manage matters of individual health for licensed independent practitioners which is separate from actions taken for disciplinary purposes.

**Primary Priority Focus Area:** Communication

**Element(s) of Performance:**

1. Process design addresses the following issues: Education of licensed independent practitioners and other organization staff about illness and impairment recognition issues specific to licensed independent practitioners (at-risk criteria).



**Scoring**

**Category :**

A

**Score :**

Insufficient Compliance

**Observation(s):**

EP 1

Observed in Credentialing and Privileging at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site.

The organization did not provide evidence of education of the licensed independent practitioners about illness and impairment recognition issues specific to licensed independent practitioners (at-risk criteria).

---

**Chapter:**

Medication Management

**Program:**

Hospital Accreditation

**Standard:**

MM.03.01.01

ESC 45 days

**Standard Text:**

The hospital safely stores medications.

**Primary Priority Focus Area:** Medication Management

**Element(s) of Performance:**

7. All stored medications and the components used in their preparation are labeled with the contents, expiration date, and any applicable warnings.



**Scoring**

**Category :**

C

**Score :**

Partial Compliance

**Observation(s):**

EP 7

Observed in Tracer Activities at NorthCrest Medical Center (2536 Highway 49, Pleasant View, TN) site.

During tracer activity in the CT imaging area, it was noted that Isovue contrast located in a warmer was labeled with the date the contrast was placed in the warmer, rather than the expiration date.

Observed in Tracer Activities on MS3 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. During a tour of the medication room, it was noted that a liter bag of D5NS IV fluid had been removed from the overwrap; but a new expiration date was not documented on the bag. When the IV bag was removed from the overwrap, a new expiration date based on the size of the bag should have been marked on the bag. There was also a 50 ml bag of NS that had been removed from the overwrap, but did not have a new expiration date marked on the bag.

131  
The Joint Commission  
Findings

**Chapter:** Medication Management  
**Program:** Hospital Accreditation  
**Standard:** MM.03.01.03

ESC 45 days

**Standard Text:** ✓ The hospital safely manages emergency medications.

**Primary Priority Focus Area:** Patient Safety

**Element(s) of Performance:**

2. Emergency medications and their associated supplies are readily accessible in patient care areas. (See also PC.03.01.01, EP 8)



**Scoring**

**Category :** A  
**Score :** Insufficient Compliance

**Observation(s):**

**EP 2**

Observed in Tracer Activities at NorthCrest Medical Center (2536 Highway 49, Pleasant View, TN) site. During tracer activity in the CT imaging area, the process for emergency medications and supplies was reviewed. It was observed in the Radiology Department Reaction Kit that all of the medications contained in the kit had expired to include the following: (2) Epi pens, dated 8/12 and 9/12; Epinephrine vials, dated 8/12; 0.9 Sodium Chloride vial dated 1/13; Flumazenil dated 10/12; Diphenhydramine dated 5/13; (2) Epinephrine injections 1:1000 dated 12/12; and (2) Naloxone dated 4/13. In addition, the following supplies had expired: (2) 22 gauge IV catheters dated 12/10; and (2) 20 gauge IV catheters dated 11/12, and multiple needles dated 1/12.

Observed in Tracer Activities at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. During tracer activity in the CT imaging area and review of the process of emergency medications and supplies, it was observed in the Medication Reaction Kit that two IV catheters had expired in 2007. In addition, in the Airway management kit, the arterial blood sample kit had expired 5/11.

**Chapter:** National Patient Safety Goals  
**Program:** Hospital Accreditation  
**Standard:** UP.01.03.01

ESC 45 days

**Standard Text:** A time-out is performed before the procedure.

**Primary Priority Focus Area:** Patient Safety

**Element(s) of Performance:**

5. Document the completion of the time-out.  
Note: The hospital determines the amount and type of documentation.



**Scoring**

**Category :** C  
**Score :** Partial Compliance

**Observation(s):**

# The Joint Commission Findings

## EP 5

Observed in Individual Tracer on MS2 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. In the record of a patient recovering from joint surgery, there was no documentation of the time of the "time out" for the nerve block administered in the PACU before the procedure. The organization's Surgical Site & "Time Out" Process policy (SRG.OR.019) indicated on page 3 that the time of the "time out" or pause must be recorded in the record.

Observed in Individual Tracer in the PACU at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site.

In the record of another patient (recovering from a total knee replacement), there was no documentation of a "time out" for the sciatic nerve block administered in the PACU after the procedure. the physician indicated that the "time out" was done, but was not documented at the time.

**Chapter:** Provision of Care, Treatment, and Services

**Program:** Hospital Accreditation

**Standard:** PC.01.02.03

ESC 60 days

**Standard Text:** The hospital assesses and reassesses the patient and his or her condition according to defined time frames.

**Primary Priority Focus Area:** Assessment and Care/Services

### Element(s) of Performance:

5. For a medical history and physical examination that was completed within 30 days prior to registration or inpatient admission, an update documenting any changes in the patient's condition is completed within 24 hours after registration or inpatient admission, but prior to surgery or a procedure requiring anesthesia services. (See also MS.03.01.01, EP 8; RC.02.01.03, EP 3)



### Scoring

**Category :** C

**Score :** Insufficient Compliance

### Observation(s):



133  
**The Joint Commission  
Findings**

EP 5

§482.24(c)(4)(i)(B) - (A-0461) - (4) [All records must document the following, as appropriate:

(i) Evidence of --]

(B) An updated examination of the patient, including any changes in the patient's condition, when the medical history and physical examination are completed within 30 days before admission or registration. Documentation of the updated examination must be placed in the patient's medical record within 24 hours after admission or registration, but prior to surgery or a procedure requiring anesthesia services.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer on MS2 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient recovering from a joint replacement, the documentation of the update to the History and Physical (H&P) did not indicate that the H&P had been reviewed. In addition to the documentation that the patient had been examined and that there were no changes, the fact that the H&P was reviewed should have been noted in the update..

Observed in Individual Tracer in the PACU at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient recovering from a knee arthroscopy, the documentation of the update to the History and Physical (H&P) did not indicate that the H&P had been reviewed. In addition to the documentation that the patient had been examined and that there were no changes, the fact that the H&P was reviewed should have been noted in the update..

Observed in Individual Tracer in Endoscopy at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient who had an EGD and colonoscopy, the documentation of the update to the History and Physical (H&P) did not indicate that the H&P had been reviewed. In addition to the documentation that the patient had been examined and that there were no changes, the fact that the H&P was reviewed should have been noted in the update..

---

<b>Chapter:</b>	Provision of Care, Treatment, and Services
<b>Program:</b>	Hospital Accreditation
<b>Standard:</b>	PC.01.02.07
<b>Standard Text:</b>	The hospital assesses and manages the patient's pain.
<b>Primary Priority Focus Area:</b>	Assessment and Care/Services
<b>Element(s) of Performance:</b>	

3. The hospital reassesses and responds to the patient's pain, based on its reassessment criteria.



**Scoring**

**Category :** C  
**Score :** Partial Compliance

**Observation(s):**

134  
**The Joint Commission  
Findings**

**EP 3**

Observed in Individual Tracer on MS2 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. In the record of a patient with a fractured hip, there was no documentation of a pain assessment prior to the administration of the pain medication morphine.

Observed in Individual Tracer on MS3 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. In the record of a patient recovering from a joint replacement, there was no documentation of a pain assessment prior to and after the administration of a pain medication.

---

**Chapter:** Provision of Care, Treatment, and Services

**Program:** Hospital Accreditation

**Standard:** PC.02.01.11

ESC 45 days

**Standard Text:** Resuscitation services are available throughout the hospital.

**Primary Priority Focus Area:** Patient Safety

**Element(s) of Performance:**

2. Resuscitation equipment is available for use based on the needs of the population served.

Note: For example, if the hospital has a pediatric population, pediatric resuscitation equipment should be available. (See also EC.02.04.03, EPs 2 and 3)



**Scoring**

**Category :** A  
**Score :** Insufficient Compliance

**Observation(s):**

**EP 2**

Observed in Tracer Activities at NorthCrest Medical Center (2536 Highway 49, Pleasant View, TN) site. During tracer activity in the CT Imaging area, it was observed that an AED located in a locked cabinet contained defibrillator pads that had expired 10/12.

---

**Chapter:** Provision of Care, Treatment, and Services

**Program:** Hospital Accreditation

**Standard:** PC.03.01.03

ESC 45 days

**Standard Text:** The hospital provides the patient with care before initiating operative or other high-risk procedures, including those that require the administration of moderate or deep sedation or anesthesia.

**Primary Priority Focus Area:** Assessment and Care/Services

135  
**The Joint Commission  
Findings**

**Element(s) of Performance:**

1. Before operative or other high-risk procedures are initiated, or before moderate or deep sedation or anesthesia is administered: The hospital conducts a presedation or preanesthesia patient assessment. (See also RC.02.01.01, EP 2)



**Scoring**

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

**EP 1**

Observed in Individual Tracer in the PACU at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site.

In the record of a patient recovering from a total knee replacement, the preanesthesia evaluation was not complete. The section of the preanesthesia evaluation form that addressed the heart and lung examination was not completed. The organization was informed by an anesthesiologist that the heart and lung examination should have been completed. The patient had a history of hypertension, sleep apnea, and tobacco use.

Observed in a closed record from the ER at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. In the record of a patient who had a chest tube inserted with moderate sedation (in the Emergency Room), the presedation assessment was not completed according to the Moderate Sedation policy (PC.136, pages 4 and 5) (3/2013). There was no documentation of the ASA physical status scale or the NPO status.

Observed in a closed record from the ER at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. In the record of a child who had a facial injury treated with moderate sedation (in the Emergency Room), the presedation assessment was not completed according to the Moderate Sedation policy (PC.136, pages 4 and 5) (3/2013). There was no documentation of the ASA physical status scale.

Observed in Individual Tracer in the CCU at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. In the record of a patient recovering from a PEG procedure, the preanesthesia evaluation did not include completion of the heart and lung physical examination. After a discussion with the anesthesiologist, it was determined that the section of the preanesthesia evaluation form with the heart and lung examination should have been completed.

Observed in Individual Tracer on MS3 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. In the record of a patient that had an IVC filter inserted in the cath lab with moderate sedation, there was no documentation of the ASA physical status. The documentation for the moderate sedation did not include information concerning the ASA status.

---

**Chapter:** Provision of Care, Treatment, and Services

**Program:** Hospital Accreditation

**Standard:** PC.03.01.05

ESC 45 days

**Standard Text:** The hospital monitors the patient during operative or other high-risk procedures and/or during the administration of moderate or deep sedation or anesthesia.

**Primary Priority Focus Area:** Assessment and Care/Services

136  
The Joint Commission  
Findings

JUL 15 2015 4:04 PM

**Element(s) of Performance:**

1. During operative or other high risk procedures, including those that require the administration of moderate or deep sedation or anesthesia, the patient's oxygenation, ventilation, and circulation are monitored continuously. (See also RC.02.01.03, EP 8)



**Scoring**

**Category :**

A

**Score :**

Insufficient Compliance

**Observation(s):**

EP 1

Observed in Record Review at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. During tracer activity and review of the record of care, it was noted that the patient received procedural sedation. There was no documentation to support the monitoring of the patient's level of consciousness, vital signs, and ETCO2 every 5 minutes as required by hospital policy PC.136 "Moderate Sedation (sedation analgesia)".

**Chapter:**

Provision of Care, Treatment, and Services

**Program:**

Hospital Accreditation

**Standard:**

PC.04.01.05

ESC 45 days

**Standard Text:**

Before the hospital discharges or transfers a patient, it informs and educates the patient about his or her follow-up care, treatment, and services.

**Primary Priority Focus Area:** Communication

**Element(s) of Performance:**

8. The hospital provides written discharge instructions in a manner that the patient and/or the patient's family or caregiver can understand. (See also RI.01.01.03, EP 1)



**Scoring**

**Category :**

C

**Score :**

Partial Compliance

**Observation(s):**

EP 8

Observed in a closed ER record at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. In the outpatient record of a child who had moderate sedation during the treatment of a facial injury in the Emergency Room, the discharge instructions did not provide any information related to the Ketamine 70 mg administered during the procedure. In other areas of the hospital where moderate sedation was administered, discharge information concerning the sedation administered was provided.

Observed in a closed ER record at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site. In the outpatient record of a child who had moderate sedation during the removal of a foreign body from an ear (in the Emergency Room), the discharge instructions did not provide any information related to the Ketamine 70 mg and Versed 2 mg administered during the procedure. In other areas of the hospital where moderate sedation was administered, discharge information concerning the sedation administered was provided.

**Chapter:**

Record of Care, Treatment, and Services

**Program:**

Hospital Accreditation

137  
**The Joint Commission  
Findings**

**Standard:** RC.01.01.01

ESC 60 days

**Standard Text:** The hospital maintains complete and accurate medical records for each individual patient.

**Primary Priority Focus Area:** Information Management

**Element(s) of Performance:**

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.



**Scoring**

**Category :** C  
**Score :** Insufficient Compliance

11. All entries in the medical record are dated.



**Scoring**

**Category :** C  
**Score :** Insufficient Compliance

**Observation(s):**

# The Joint Commission Findings

## EP 11

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer on MS2 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient recovering from a fractured hip, the cardiopulmonary form used to report an ECHO was signed by a physician. However, the documentation did not indicate the date and time of his entry.

Observed in Individual Tracer on MS2 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient recovering from a hip replacement, the Blood and Blood Product Informed Consent was signed by a physician. However, the documentation did not indicate the date and time of his entry.

Observed in Individual Tracer on MS2 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient recovering from a total knee replacement, the progress note describing the nerve block was signed by a CRNA. However, the documentation did not indicate the date and time of the entry.

## EP 19

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

During tracer activity and review of the record of care, it was noted that the Hepatitis B Vaccine consent form had been dated, but not timed.

Observed in Individual Tracer at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

During tracer activity and review of the record of care, it was noted that the Cesarean Section consent form had been dated, but not timed.

Observed in Individual Tracer on MS3 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient recovering from a total knee replacement, the postoperative anesthesia note was signed and dated, but not timed.

Observed in Individual Tracer on MS2 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient recovering from a total knee replacement, the Patient Safety Agreement was signed by a nurse and dated; but documentation did not indicate the time of the entry. The flu risk assessment was signed by the nurse and dated, but the time was not documented.

---

<b>Chapter:</b>	Record of Care, Treatment, and Services
<b>Program:</b>	Hospital Accreditation
<b>Standard:</b>	RC.01.02.01
<b>Standard Text:</b>	Entries in the medical record are authenticated.
<b>Primary Priority Focus Area:</b>	Information Management

ESC 60 days

139  
The Joint Commission  
Findings

**Element(s) of Performance:**

3. The author of each medical record entry is identified in the medical record.



**Scoring**

**Category :** C  
**Score :** Partial Compliance

**Observation(s):**

EP 3

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

During tracer activity and review of the record of care, it was noted that the Pre-Anesthesia Assessment for a Cesarean Section patient was not authenticated, dated or timed.

§482.24(c)(2) - (A-0450) - (2) All orders, including verbal orders, must be dated, timed, and authenticated promptly by the ordering practitioner or by another practitioner who is responsible for the care of the patient only if such a practitioner is acting in accordance with State law, including scope-of-practice laws, hospital policies, and medical staff bylaws, rules, and regulations.

This Standard is NOT MET as evidenced by:

Observed in Record Review at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

During tracer activity and review of the record of care, it was noted that the physician order for the radiology procedure with sedation was not authenticated, dated, or timed.

---

**Chapter:** Rights and Responsibilities of the Individual

**Program:** Hospital Accreditation

**Standard:** RI.01.03.01

ESC 60 days

**Standard Text:** The hospital honors the patient's right to give or withhold informed consent.

**Primary Priority Focus Area:** Rights & Ethics

**Element(s) of Performance:**

13. Informed consent is obtained in accordance with the hospital's policy and processes and, except in emergencies, prior to surgery.  
(See also RC.02.01.01, EP 4)



**Scoring**

**Category :** C  
**Score :** Insufficient Compliance

**Observation(s):**

140  
**The Joint Commission  
Findings**

EP 13

§482.24(c)(4)(v) - (A-0466) - [All records must document the following, as appropriate:]

(v) Properly executed informed consent forms for procedures and treatments specified by the medical staff, or by Federal or State law if applicable, to require written patient consent.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer on MS2 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient recovering from joint surgery, the consent for the procedure was not signed by the surgeon in the section provided for the physician's signature. On page 2 of the organization's Informed Consent policy (PC.028)(4/2013), the documentation section noted the role of the physician or mid-level practitioner in the informed consent process. The nurses in the Operating Room indicated that the physician should have signed the operative consent form in the appropriate section. During the survey, numerous operative consents were noted to be properly executed with the physician's signature, date, and time documented.

Observed in Individual Tracer in Endoscopy at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient who had a colonoscopy, the consent for the procedure was not signed by the surgeon in the section provided for the physician's signature. On page 2 of the organization's Informed Consent policy (PC.028)(4/2013), the documentation section noted the role of the physician or mid-level practitioner in the informed consent process. The nurses in the Operating Room indicated that the physician should have signed the operative consent form in the appropriate section. During the survey, numerous operative consents were noted to be properly executed with the physician's signature, date, and time documented.

Observed in Closed Endoscopy record at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In a closed endoscopy record of a patient who had a colonoscopy with moderate sedation, the consent for the procedure was not signed by the surgeon in the section provided for the physician's signature. On page 2 of the organization's Informed Consent policy (PC.028)(4/2013), the documentation section noted the role of the physician or mid-level practitioner in the informed consent process. The nurses in the Operating Room indicated that the physician should have signed the operative consent form in the appropriate section. During the survey, numerous operative consents were noted to be properly executed with the physician's signature, date, and time documented.

Observed in Individual Tracer on MS3 at NorthCrest Medical Center (100 Northcrest Drive, Springfield, TN) site for the Hospital deemed service.

In the record of a patient who had an IVC filter inserted, the consent for blood was not signed by the physician. In a record of a patient with anemia and severe cytopenia, the patient received two units of packed red blood cells and two units of platelets. The consent for the blood were not signed by the physician. In the record of a patient requiring a transfusion after surgery for an ectopic pregnancy, the consent for blood was not signed by the physician. The Chief of Staff confirmed that the sections of the blood consents that addressed the physician providing informed consent should have been signed.

---

<b>Chapter:</b>	Leadership
<b>Program:</b>	Home Care Accreditation
<b>Standard:</b>	LD.04.03.09
<b>Standard Text:</b>	Care, treatment, or services provided through contractual agreement are provided safely and effectively.
<b>Primary Priority Focus Area:</b>	Patient Safety

ESC 60 days



141  
**The Joint Commission  
Findings**

**Element(s) of Performance:**

16. For hospices that elect to use The Joint Commission deemed status option: The hospice retains management responsibility for the contracted services and verifies that they are furnished in a safe and effective manner.



**Scoring**

**Category :**

A

**Score :**

Insufficient Compliance

**Observation(s):**

EP 16

§418.100(e) - (L655) - §418.100(e) Standard: Professional management responsibility.

A hospice that has a written agreement with another agency, individual, or organization to furnish any services under arrangement must retain administrative and financial management, and oversight of staff and services for all arranged services, to ensure the provision of quality care. Arranged services must be supported by written agreements that require that all services be--

This Standard is NOT MET as evidenced by:

Observed in Tracer Activities at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

During the patient visit for HV#3, the surveyor noted that the comfort pack was open and contained a syringe labeled ABHR and expired in 2012. The expiration date on the outside of the comfort pack indicated it was to expire 8/3/13. Conversation with the patient's caregiver found that he had not used anything out of the comfort pack but it had been opened when the nurse instructed him on the medications. This was verified by the nurse. During that time and at no time afterwards did the organization note that the medication sent by the contracted compounding pharmacy was expired.

**Chapter:**

Medication Management

**Program:**

Home Care Accreditation

**Standard:**

MM.05.01.11

ESC 60 days

**Standard Text:**

The organization safely dispenses medications.

**Primary Priority Focus Area:** Medication Management

**Element(s) of Performance:**

2. The organization dispenses medications and maintains records in accordance with law and regulation, licensure, and professional standards of practice.

Note: Dispensing practices and recordkeeping include antidiversion strategies.



**Scoring**

**Category :**

C

**Score :**

Partial Compliance

**Observation(s):**

142  
The Joint Commission  
Findings

EP 2

Observed in Tracer Activities at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site.

During the patient visit for HV#3, the surveyor noted that the comfort pack contained an unopened bottle of 20mg/1ml Morphine Sulfate. This bottle had been labeled with a patient name that was partially marked out but the first name and middle initial were not patient HV#3. The dispense date on the label was 5/7/13 and the comfort pack was originally dispensed on 2/4/13. It was unclear from discussion with the nurse how the medication was added to the comfort pack or where HV#3's original Morphine Sulfate bottle may have gone. Discussion with the patient caregiver found that he had not used any medication from the comfort pack. The surveyor further found that the organization did have a patient on service who died 5/7/13; who was using morphine sulfate and who's first name, middle initial and ordering physician, matched what was on the bottle present in HV#3's home.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site.

In review of the medical record for RR#1, the surveyor noted that the patient died on 5/7/13 and notes indicated that she was using 20mg/1ml morphine sulfate for pain. The medication destruction sheet indicated that 5ml of morphine sulfate solution was wasted and witnessed by someone in the home at the time of death. However, another bottle of morphine sulfate labeled with RR#1's name and physician, was discovered during the home visit for a different patient.

---

**Chapter:** Medication Management

**Program:** Home Care Accreditation

**Standard:** MM.05.01.19

ESC 60 days

**Standard Text:** The organization safely manages returned medications.

**Primary Priority Focus Area:** Information Management

**Element(s) of Performance:**

11. For hospices that elect to use The Joint Commission deemed status option: At the time when controlled medications are first ordered, authorized staff document in the patient's record that the written policies and procedures for managing controlled medications were provided and discussed.



**Scoring**

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

143  
**The Joint Commission  
Findings**

EP 11

§418.106(e)(2)(i)(C) - (L697) - (C) Document in the patient's clinical record that the written policies and procedures for managing controlled drugs was provided and discussed.

This Standard is NOT MET as evidenced by:

Observed in Tracer Activities at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for HV#1, the surveyor did not find where the hospice had documented that the written policies and procedures for managing controlled medications were provided and discussed. This was confirmed by the case manager.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for RR#4, the surveyor did not find where the hospice had documented that the written policies and procedures for managing controlled medications were provided and discussed. This was confirmed by the case manager.

Observed in Discussion with leadership at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

During review of patient home folders and discussion with caregivers, the surveyor found that the organization provided policy and discussed controlled medication destruction with patients and families. However, after reviewing multiple records and discussion with the case manager, the surveyor found that the organization was not aware that the discussion was required to be documented in the medical record.

---

**Chapter:** Provision of Care, Treatment, and Services

**Program:** Home Care Accreditation

**Standard:** PC.01.03.01

ESC 60 days

**Standard Text:** The organization plans the patient's care.

**Primary Priority Focus Area:** Assessment and Care/Services

**Element(s) of Performance:**

41. For hospices that elect to use The Joint Commission deemed status option: For hospice care provided to a resident of a Skilled Nursing Facility (SNF), Nursing Facility (NF), or Intermediate Care Facility for the Mentally Retarded (ICF/MR), the hospice plan of care reflects the participation of the hospice, the SNF, NF, or ICF/MR, and the patient and family to the extent possible.



**Scoring**

**Category :** A

**Score :** Insufficient Compliance

**Observation(s):**

144  
**The Joint Commission  
Findings**

EP 41

§418.112(d)(2) - (L775) - (2) The hospice plan of care reflects the participation of the hospice, the SNF/NF or ICF/MR, and the patient and family to the extent possible.

This Standard is NOT MET as evidenced by:

Observed in Tracer Activities at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the comprehensive plan of care for HV#2, the surveyor did not find where the plan reflected the participation of the nursing facility. The current update to the comprehensive plan of care included only those services to be performed by the hospice staff. Careplan problems that could have included facility staff participation, such as altered comfort and nutrition only reflected the hospice. Though communication between the hospice and the facility regarding the care needs of the patient was clearly evident during the patient visit, this collaboration was not reflected in the comprehensive plan of care.

---

**Chapter:** Provision of Care, Treatment, and Services

**Program:** Home Care Accreditation

**Standard:** PC.02.01.01

ESC 45 days

**Standard Text:** The organization provides care, treatment, or services for each patient.

**Primary Priority Focus Area:** Assessment and Care/Services

**Element(s) of Performance:**

1. The organization provides the patient with care, treatment, or services according to his or her individualized plan of care.



**Scoring**

**Category :** C

**Score :** Partial Compliance

**Observation(s):**

EP 1

§418.56(e)(2) - (L555) - (2) Ensure that the care and services are provided in accordance with the plan of care.

This Standard is NOT MET as evidenced by:

Observed in Patient Home at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

During the home visit for HV#3, the surveyor observed the nurse change the pressure ulcer dressing on the patient's sacrum. The wound was cleansed with wound cleanser, loosely packed with gauze and covered with a tegaderm. The most current order required the gauze dressing to be covered with a dry dressing or mepelix. This same order required a hydrocolloid dressing be used to cover red, irritated skin in the vicinity of the wound. Though the surveyor visualized the patient still had these areas present, no hydrocolloid was applied.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

During review of the medical record for RR#5, the surveyor found where the nurse had documented wound care using wound cleanser and a loose mepore dressing on 5/6/13. An order for this dressing change procedure was not found in the record.

---

**Chapter:** Record of Care, Treatment, and Services

**Program:** Home Care Accreditation

**Standard:** RC.01.02.01

ESC 60 days

**Standard Text:** Entries in the patient record are authenticated.

145  
**The Joint Commission  
Findings**

**Primary Priority Focus Area:** Information Management

**Element(s) of Performance:**

9. For hospices that elect to use The Joint Commission deemed status option: All entries in the patient records are legible, clear, complete, and appropriately authenticated and dated in accordance with hospice policy and currently accepted standards of practice.



**Scoring**

**Category :**

A

**Score :**

Insufficient Compliance

**Observation(s):**

146  
**The Joint Commission  
Findings**

EP 9

§418.104(b) - (L679) - §418.104(b) Standard: Authentication.

All entries must be legible, clear, complete, and appropriately authenticated and dated in accordance with hospice policy and currently accepted standards of practice.

This Standard is NOT MET as evidenced by:

Observed in Tracer Activities at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for HV#1, the surveyor noted that the order for Lorazepam dated 12/21, did not contain a route of administration and the order for scopolamine did not contain a dosage. It was also noted that the POST form signed by the patient was incomplete. Sections relating to use of feeding tubes and who the physician discussed the form with, had been left blank.

Observed in Tracer Activities at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for HV#2, the surveyor found that orders for lorazepam and fentanyl did not contain a route of administration.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for HV#3, the surveyor found that the order for fentanyl dated 2/21/13 did not contain a route of administration.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for HV#4, the surveyor found that the order for lortab dated 3/15 and the order for Hydrocodone 5/500, did not contain a route of administration.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for RR#2, the surveyor noted that the comprehensive plan of care (CPOC) required the nurse to obtain a pulse oximetry reading every visit. A pulse oximetry reading was not found for the visit dated 5/31/13. In discussion with the nurse, she stated she always performed pulse oximetry readings at the time of the vital signs but in this case she must have failed to complete that entry on her nursing visit note.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for RR#3, the surveyor noted that the comprehensive plan of care (CPOC) required the nurse to obtain a pulse oximetry reading every visit. A pulse oximetry reading was not found for visits dated 4/25/13, 4/29/13, and 5/29/13. In discussion with the nurse, she stated she always performed pulse oximetry readings at the time of the vital signs but in this case she must have failed to complete that entry on her nursing visit notes. This same patient had an order dated 5/8/13 for metoclopramide that was not complete for route of administration.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for RR#4, the surveyor noted that the comprehensive plan of care (CPOC) required the nurse to obtain a pulse oximetry reading every visit. A pulse oximetry reading was not found for the visits dated 4/19/13 and 5/28/13. In discussion with the nurse, she stated she always performed pulse oximetry readings at the time of the vital signs but in this case she must have failed to complete that entry on her nursing visit notes.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive, Springfield, TN) site for the Hospice deemed service.

In review of the medical record for RR#5, the surveyor found an order for Lortab 7.5/325 dated 5/30/13 that was not complete for route of administration.

Observed in Record Review at NorthCrest Medical Center Home Health and Hospice (101 East Mooreland Drive,

## The Joint Commission<sup>147</sup> Findings

Springfield, TN) site for the Hospice deemed service.

In review of the medical record for RR#6, the surveyor found an order for Lortab 5/500 dated 5/28/13 that was not complete for route of administration. This same patient had a Physicians Orders for Scope of Treatment (POST) form that was not complete for wishes related to administration of IV fluids and section related to basis for the orders form that was not completed as required.

---

## Proof of Publication



JANRIC CLASSIC SUDOKU

## service director

## Home Improvement

[illegible][illegible]

aid sale will be held  
ject to (1) all occurred  
(2) all matters,  
ma and conditions set  
in Plot Book 5, Page  
Plot 24, Registrar's Of-  
for Montgomery  
rty, Tennessee; (3)  
ment then filed of re-  
ed in Official Record  
k Volume 1098, Page  
14, Registrar's Office for  
Montgomery County,  
Tennessee; (4) rights of  
ants in possession un-  
recorded, at least,  
ch would take priority


[illegible]

Health Services and  
Andrew Jackson B.  
302 Orches  
Nashville, Ten

Fill in the blank cells using numbers 1 to 9. Each number can appear only once in each row, column and 3x3 block. Use logic and process elimination to solve the puzzle. The difficulty level ranges from Bronze (easiest) to Silver to Gold (hardest).

	8		1		2	7
3			7	8		
7			6			4
9	7			8		
	3	2		6		7
			4			6
		3		7		2
			9	6		4
8	1		2		5	

**Rating: SILVER**



5	8	7	3	2	9	4	6	1
1	9	3	4	6	8	2	7	5
2	6	4	1	5	7	8	9	3
4	1	9	5	1	2	6	8	7
7	2	5	8	4	6	1	3	9
8	1	6	7	9	3	5	2	4
3	7	1	2	8	4	9	5	6
9	5	2	6	3	1	7	4	8
6	4	8	9	7	5	3	1	2

Continued from last column
Continued from last column
Continued from last column

matrices on a recorded plan, restrictive covenants, easements, and other interests in the back lines that may be applicable, (4) any matters that may be raised as well as any priority created by the plan, and (5) any other matters which would take priority to the Deed of Trust under the provisions of the Deed, if the sale is conducted; and, (2) the results of the professional appraisal and the professional survey of the property would show.

were provided to the parties by the court-appointed interested parties as required in Tenn. Code Ann. § 60-7-101, et seq., and other written agreements between the parties.

Proper notification was given to the Mortgagee and other appropriate interested parties pursuant to Tenn. Code Ann. §§ 45-9-101 through 45-9-108, et seq. (Tennessee Uniform Landlord-Protective Act).

The Court of House County, Arkansas, has entered its Order dated the 21st day of April, 2015.

Arthur L. Crawford  
Judge of Probate

000080701  
NOTICE TO CONTRACTORS OF STATE HIGHWAY CONSTRUCTION AIDS TO BE RECEIVED ON ALL PROJECTS

Bids will be received by the CITY OF JACKSONVILLE, Tennessee

Real Estate Rentals & more great places to live.

Cash Home Loans

Read More About Us  
Call Today At 800-456-2222

Homes For Rent

The right to remove or alter the contents of this notice is reserved. The day of sale is to another day, time and place will be announced (further publication, upon announcement at the time and place and forth about the property address of the subject of this notice is 1727 S. Southern Parkway, Suite 100, Clarksville, TN 37043-5100, 0797-CG1000. The reference address and property identification is provided for the

[illegible]

P.O. Box 68  
 Clarksburg, Tennessee  
 37618  
 INSERTION DATES:  
 July 18, 2015  
 July 17, 2015  
 July 16, 2015  
 0000520464  
 STATE OF ALABAMA  
 COURT FOR HALE  
 COUNTY, ALABAMA  
 IN RE:  
 The Estate of Herriet H.  
 Russell, et al.; V.1812  
 Decedent.  
 Clerk's Office

**PUBLICATION**  
**To: LSA Jobs**  
**TAKE NOTICE that** Letters  
**of Intent to Administration**  
 Continued to next section

**Public Notice**

**NOTICE TO ADVERTISE**

...to the Health Services  
 and all interested parties.

[illegible]

...nastic and treatment serv...  
...the most...  
...scentuate any other health...  
...licensed bed complet...

to the application is: July

...project is Kim H. Looney,  
be reached at: Walter  
...Street, Suite  
513/532-7752

...interest profiles, a local  
...can be conducted. Writi...

...family affluence with  
...employee, director, or  
...of non-  
...discrimination on the ba...  
...race, sex, age, religion,  
...color, national or ethnic  
...origin, ancestry, or mar...  
...marital service.

Telephone 703-456-7464

**RIGHT TO SUE, DISCRIMINATE  
ANY AND ALL BIDS IS**

Bidding documents and in-  
formation, and plans, may  
be obtained by contacting:  
Mr. Ciera Cowan  
Telephone 703-456-7464

**STARTING HERE**

**Clark-Townsend**

CLARKTOWNSEND, Asha Linn, P.E.  
1214 S. Jerome Blvd., Suite 200  
Westborough, MA 01581  
781-447-2000 ext. 403 fax 781-447-2001

**Clark-Montgomery**

P.E. Area on Market St. 2nd Floor  
Westborough, MA 01581  
781-335-1234 ext. 200  
781-335-1235 ext. 200  
781-335-1236 ext. 200

**Wastwater & Jones**

Development Agency  
1000 Bankers Building  
10th Floor  
Jack Street  
Nashville 37243

act must contain the following:  
T.C.A. § 41-1-121(a) requires  
an initial retail sale written no-  
tice to be mailed to the consumer  
at least 10 days before the regula-  
tory Commission, the Consumer  
and Development Agency  
(Consumer Affairs) and the At-  
torney General is given the op-  
portunity to object to the regu-  
lation. At the discretion of the  
Agency, a copy of the regu-  
lation may be sent to the regu-  
latory Commission.

000073454  
Joemier's Title Search  
"Get A Way, Call Jim"  
905 Wilson  
Autocall 725/915.10:AMM  
844 Cumberland Dr  
Nashville 37203  
501/441-0009/723704  
1018 Ashby Rd  
Nashville 37203  
1/6N/27/4  
1/6N/27/4

Best agency for  
the South  
I would like to work a  
year or two with your  
company and I would like  
to see an example letter  
of a title loan contract.  
I would like to see an  
example letter of a title  
loan contract.

For more info, call  
Joemier's Title Search  
844 Cumberland Dr  
Nashville 37203  
501/441-0009/723704  
1018 Ashby Rd  
Nashville 37203  
1/6N/27/4  
1/6N/27/4

careerbuilder

150  
AFFIDAVIT OF PUBLICATION

0000573078

Newspaper Leaf Chronicle

TEAR SHEET  
ATTACHED

State of Tennessee

Account Number NAS-00519801

Advertiser WALLER LANSDEN DORTCH & DAVIS

RE: NOI - NORTHCREST MEDICAL CENTER

*V Perry*

Sales Assistant for the above mentioned newspaper,

hereby certify that the attached advertisement appeared in said newspaper on the following dates:

✓  
07/10/15

*V Perry*

Subscribed and sworn to before me this

10

day of

July

*Sela Bates*

Notary Public



COMMISSION EXPIRES:  
MAY 6, 2019

# SUPPLEMENTAL #1

July 27, 2015

12:08 pm

615.244.6390 main  
615.244.6004 fax  
wallerlaw.com

July 27, 2015

**VIA HAND DELIVERY**

Jeff Grimm  
HSDA Examiner  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Certificate of Need Application CN1507-028  
NorthCrest Medical Center (Satellite Emergency Department in Clarksville)

Dear Jeff:

This letter is submitted as the supplemental response to your letter dated July 17, 2015, wherein additional information or clarification was requested regarding the above-referenced CON application.

---

**1. Section A., Applicant Profile, Item 2**

The facility address is listed as NorthCrest Medical Center in Springfield (Robertson County), TN in lieu of the address of the proposed Satellite ED facility in Clarksville (Montgomery County) as was reflected in the Letter of Intent. Please clarify.

**Response:** The proposed satellite ED facility is an outpatient department of the hospital and not a freestanding, separately licensed facility. In addition, there is no assigned address yet. The applicant is NorthCrest Medical Center and any mailings would be sent to NorthCrest and not the satellite ED facility.

**2. Section A., Applicant Profile, Item 5 (Management Entity)**

The documents provided in the attachments reflect the registration of Satellite ED, LLC with the Tennessee Secretary of State's Office as a Tennessee Limited Liability Company formed on July 6, 2015 whose sole member is currently NorthCrest Medical Center. Other than the comments pertaining to the potential for a future joint venture, is there a letter of intent or draft working agreement between the parties that describes the key

**July 27, 2015****12:08 pm****waller**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 2

responsibilities of the manager pertaining to the operation of the proposed facility? If so, please provide a copy of same, otherwise, please provide a brief description that identifies those responsibilities that might apply.

**Response:** There is no letter of intent or draft working agreement as a joint venture partner has not yet been chosen, and may or may not be. Typical management duties would include the following areas:

1. Operational Leadership
2. Financial Support and Services
3. Operational Management
4. Accreditation and Licensure
5. Assistance with Risk Management Program and Compliance
6. Human Resources for Non-Patient Care Employees
7. Information Systems Support

### **3. Section A., Applicant Profile, Item 6**

The Option to Purchase the site in Clarksville was not provided in the attachments. The Agency will need a deed, a purchase agreement, lease agreement, option to lease or other legal document which demonstrates the applicant has a legitimate legal interest in the property on which to locate the project that will be in effect on the date of the hearing of the application. A fully executed (signed by both parties) Option to Purchase must at least include the expected purchase price, a description of the property with address and the anticipated date of closing. A fully executed Option to Lease must at least include the expected term of the lease and the anticipated lease payments.

**Response:** Please see Option to Purchase included as Attachment A: Applicant profile - 6. The Option to Purchase is contingent upon approval of the CON and was entered into on behalf of NorthCrest by its agent, Mr. Ty Watts.

### **4. Section B, Project Description, Item I.**

What is the distance between the applicant's proposed satellite emergency room and Gateway Medical Center's simultaneously proposed satellite emergency facility located at the an unaddressed site on the north side of Highway 76 approximately 1400 feet east of I-24 at Exit 11?

**Response:** The applicant believes it is located across the street from its proposed location.

**July 27, 2015****12:08 pm****waller**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 3

In light of the fact that this is one of two simultaneous review applications does the applicant believe there is a need for two satellite EDs operated under the license of 2 different hospitals in essentially the same location?

**Response:** The applicant does not believe there is a need for two satellite EDs at this location.

What will the applicant do if this application is denied?

**Response:** The applicant have to carefully consider its options, which might include expansion of its existing ED. However, the service area population can best be served by allowing more convenient access to emergency services, which includes locating them as close to the patient as possible. The proposed satellite ED will provide quicker access to the important ED services, which will provide better health care outcomes for patients. The applicant is confident that this project is needed and it is the best provider to provide these important emergency services. If, however, it is denied, it will continue to provide high quality medical care to this patient population.

The application includes a list of awards that NorthCrest has received recently, which demonstrate the consistent high quality care provided by NorthCrest. In addition, hospitals are currently required to report overall patient satisfaction indicators to CMS. In 2016, hospitals will also have to report such scores specifically relating to their EDs. In anticipation of this reporting requirement, NorthCrest has been proactive and contracted with Press Ganey to provide that analysis for its ED. Some of the data that is measured includes the waiting time before noticed arrival, waiting time for treatment and waiting time to see doctor, courtesy in all aspects of the care provided, adequacy of information provided to family/friends, how well the patient's pain was controlled, and information about home care, among other factors.

The latest information available for its ED patient satisfaction analysis, comparing it to the other facilities for which Press Ganey collects data is included in response to this supplemental question. The information has been aggregated according to the category in which it falls.

The first column is for the American Hospital Association Region 4, which includes Tennessee, Mississippi, Alabama, Georgia, South Carolina and Florida. As can be seen from the table, with the exception of two standards, NorthCrest's ED is at or above the 76<sup>th</sup> percentile. NorthCrest is working to improve the scores of its staff, in particular, its nurses and doctors.

The second column is perhaps more relevant and compares NorthCrest to other similarly sized hospitals across the country. As you can see from this data, NorthCrest is in the 92<sup>nd</sup> or greater percentile, except for the standard that describes the relationship with its doctors. As stated above, NorthCrest is working to improve the scores of its physicians.

Overall, NorthCrest had a 83<sup>rd</sup> percentile patient satisfaction score for its ED when compared to Region 4 and a 95<sup>th</sup> percentile satisfaction score when compared to other hospitals of a similar size.

**July 27, 2015****12:08 pm****waller**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 4

**NORTHCREST MEDICAL CENTER  
PATIENT SATISFACTION ANALYSIS  
EMERGENCY DEPARTMENT REPORT**

<b>Standards</b>	<b>AHA Region 4 Rank</b>	<b>Bed size 51-149 Rank</b>
OVERALL Rating ER Care	83	95
Arrival	77	93
Nurses	72	94
Doctors	55	57
Tests	76	92
Family or Friends	79	93
Personal/Insurance Info	80	95
Personal Issues	86	96

Source: Press Ganey Analysis 7/21/2015

Please provide an overview of the applicant and/or manager's experience in operating a satellite emergency facility.

**Response:** NorthCrest currently operates an emergency department; this proposed facility will be operated in much the same manner as the current emergency department, as it is an outpatient department of the hospital.

It is noted the applicant states both NorthCrest and Gateway Medical Center emergency departments have high utilization rates. However, given the projected utilization of 8,498 visits in Year 1 it seems likely that the most significant impact would be to Gateway given its proximity to the proposed facility (approximately 6-8 miles) as opposed to NorthCrest approximately 29 miles away. Please clarify. In your response, please also address NorthCrest's plans if the proposed satellite facility does not have an impact on the ER utilization at the main campus and ER visits continue to increase with capacity issues at the main ER.

**Response:** Included in the application on page 21 is the need methodology that NorthCrest used to determine the number of visits projected to the proposed satellite ED. NorthCrest anticipates that approximately 80% of the ED visits will come either from existing utilization from NorthCrest, as patients shift to a more convenient alternative, or from the outmigration that currently exists for this zip code service area to facilities other than NorthCrest and Gateway. The remaining 20% of the ED visits are expected to come from the Sango area, as that is the location of the proposed satellite ED. It would be reasonable to expect that in addition to the 70% of outmigration that NorthCrest anticipates receiving, that due to the convenience of the location, an additional 25% of this outmigration from Sango (for a total of 95% of the Sango outmigration) would choose to come to the proposed facility for an additional 438 visits. To the extent that the remaining 1,331 projected visits might otherwise have gone to the ED at Gateway, there



**July 27, 2015****12:08 pm****waller**

Jeff Grimm

HSD Examiner

July 27, 2015

Page 5

may be a minimal impact on the Gateway ED utilization. According to its 2013 JAR, Gateway had 63,185 ED visits. Therefore, the projected impact from the visits from Sango on Gateway when compared to the Gateway ED utilization would be 2%. NorthCrest is confident that if it is allowed to build a satellite ED that its patients from the zip code service area will shift to the satellite ED for more convenient service and the same high quality they are used to receiving from NorthCrest.

The summary states that the ED will be staffed by board certified emergency medicine physicians who have met NorthCrest's credentialing standards. Please indicate the number of physicians that are needed to staff the proposed facility. Since it appears from the comments on page 32 of the application that the physicians will be provided through a contractual relationship with a physician group, please discuss the contractor's ability to provide adequate staffing in the amounts and hours of operation desired. In your response, please also provide a brief overview of the Emergency Physician Group that will be staffing the ER.

**Response:** NorthCrest currently contracts with CEP for its main ED, and CEP has committed to NorthCrest that it will staff the satellite ED. As with its current agreement for staffing at the main ED department, NorthCrest anticipates that safeguards will be in place to ensure that the contractor is able to provide adequate staffing. NorthCrest anticipates that it will need approximately 4.2 MDs and 2.1 NPs, which will be provided by the Emergency Physician Group.

CEP is an integrated team of emergency medicine, hospital medicine, anesthesia, ambulatory, urgent care, and post-acute care physicians committed to caring for patients with acute medical conditions. CEP has developed innovations and best practices that ensure optimal throughput and productivity, resulting in more efficient, cost-effective, and coordinated care. CEP provides ED services for over 100 hospitals nationwide.

What happens if a patient who should have gone to an acute care hospital goes to/is brought to the proposed satellite ED?

**Response:** The proposed satellite ED is an outpatient department of NorthCrest. As such, it will be fully equipped to handle the majority of the emergency cases that might present at the satellite ED. For patients who are being transported by ambulance, the emergency medical personnel will be able to assess the patient and determine the appropriate facility. If a patient presents and the satellite ED cannot provide the full range of care, NorthCrest will stabilize such patients prior to transfer to an appropriate facility.

It is noted the applicant is not planning to provide MRI services at the proposed satellite ER. Based on the descriptions of Levels IV and V in the attachment provided in the application ("Visit Levels Chart"), it appears that prep for MRI as a special imaging study may be clinically indicated. If Level IV and V patient conditions will be treated at the proposed facility, what arrangements are planned for access to an existing MRI service close to the facility?



**July 27, 2015****12:08 pm****waller**

Jeff Grimm

HSD Examiner

July 27, 2015

Page 6

**Response:** The visit levels are identifying what may need to be done for a visit to be classified in each of those categories. When patients present at the satellite ED their condition is assessed, just as it is when they present to the NorthCrest ED. If a patient who presents to the satellite ED is determined to need an MRI, or to need a higher level of care than is provided, the patient will be stabilized and transferred to the closest facility able to provide the appropriate level of care.

Please clarify if mobile crisis staff will have access to conduct assessments. If so, where? Where will law enforcement be located?

**Response:** Mobile crisis staff will have access to conduct assessments. Mobile crisis assessments are performed in the patient's exam room. Law enforcement is standing either in the room or outside of the room; depending upon the patient status or the preference of the mobile crisis staff.

Many times emergency room copays are waived if the patient is admitted inpatient. Please clarify if this arrangement is possible at the proposed satellite ED.

**Response:** Yes, this arrangement will apply to the proposed satellite ED as it does at the NorthCrest hospital ED.

On Monday December 15, 2014, Tennessee Gov. Bill Haslam unveiled his Insure Tennessee plan, a two year pilot program to provide health care coverage to Tennesseans who currently don't have access to health insurance or have limited options. The program rewards healthy behaviors, prepares members to transition to private coverage, promotes personal responsibility and incentivizes choosing preventative and routine care instead of unnecessary use of emergency rooms. What will the impact of Insure TN have on the applicant's volume projection?

**Response:** NorthCrest has not anticipated any impact of the Insure TN program on its volume projections. Insure TN was not passed. There is no current proposal being considered as the legislature will not be back in session for another six months, and it is unknown whether or not the proposal will be the same. It is unclear what impact it might have, if any, unless and until something has passed.

Please clarify if an ambulance will be stationed at the satellite ED 24 hours/day, 7 days/week, 365 days/year for life-threatening transports to full service hospitals.

**Response:** The applicant does not anticipate having an ambulance stationed at the satellite ED 24 hours/day, 7 days/week, 365 days/year for life-threatening transports to full service hospitals. In general, ambulances are not stationed at emergency facilities on the off chance that transport might be necessary. The ambulances continue to be stationed so that if an emergency occurs they are able to reach the people in need of an ambulance in a timely manner.

**July 27, 2015****12:08 pm****waller**

Jeff Grimm

HSD Examiner

July 27, 2015

Page 7

The applicant mentions \$208,125 in related site work. Please describe the related site work and clarify if it is reflected in the Project Cost Chart.

**Response:** NorthCrest's Project Cost Chart indicates that there will be \$288,500 for preparation of the site. The related site work anticipated includes a site development package, with utility extensions and fire hydrants if required; site work and surface parking; interior and exterior signage and graphics; ground breaking costs; and permanent power.

#### 5. Section C, Project Description, Item II

The description of the construction at an estimated cost of approximately \$3,477,500 or \$325/SF is noted. A letter from an architect or contractor is required to support the estimated cost in the response as well as the cost reflected in the Project Cost Chart for Section C, Economic Feasibility, Item I. Since the letter was omitted from the attachments, please provide the requested documentation. It would be helpful to briefly address why expansion of the main ED at NorthCrest in Springfield is not viable.

**Response:** Please see attached letter from the architect included as Attachment C, Economic Feasibility, Item I.

Expansion of the ED at NorthCrest is not viable because it does not allow NorthCrest to achieve its goal of providing effective care as close to the residence of the patient as possible, consistent with the future of the provision of health care services. The service area population can best be served by allowing more convenient access to emergency services. With decreased drive time to emergency services for the residents, NorthCrest anticipates being able to provide quicker access to important ED services, which will provide better health care outcomes for patients, particularly those who are having a heart attack or stroke, where every minute until treatment counts. NorthCrest expects that the existing ED will be able to operate more efficiently as some of the patient population chooses to shift from its main ED to the proposed satellite location.

A "future helipad" is shown in the plot plan. It is unclear why installation would not occur during site development & construction of the facility should Level IV or V patients require immediate air evacuation to major trauma centers. Please explain.

**Response:** Relatively few patients are expected to present at the proposed satellite ED who will need immediate air evacuation. Therefore, there is no immediate need to install the helipad. This decision will be reevaluated periodically.

#### 6. Section B, Project Description, Item III.A and III.B.1

Item III.A-The plot plan for the proposed facility on a 2.8 acre site is noted. Please also provide a plot plan that shows the proposed satellite ED's location to the nearest streets named in the LOI (Highway 76 and Gateway Boulevard). As a suggestion the applicant

**July 27, 2015****12:08 pm****waller**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 8

may illustrate the location of the site using a Google Map version with the facility site highlighted on the map.

**Response:** Please see attached map showing the location of the proposed satellite ED included as Attachment B-Project Description III.A.-Question 6.

Please identify the names, addresses and distances from the proposed ED to the closest hospital EDs 50 miles or less from the proposed satellite ED in Clarksville.

**Response:** Please see below for a listing of closest Tennessee hospital EDs within 50 miles of proposed satellite ED.

**CLOSEST HOSPITAL EDS  
WITHIN 50 MILES OF  
PROPOSED SATELLITE ED**

<b>Hospital and Address</b>	<b>County</b>	<b>Distance in Miles</b>
NorthCrest Medical Center 100 NorthCrest Dr., Springfield, TN 37172	Springfield (Robertson)	23.6
Gateway Medical Center 651 Dunlop Lane, Clarksville, TN 37040	Clarksville (Montgomery)	6.4
Saint Thomas Midtown Hospital 2000 Church St., Nashville, TN 27236	Nashville (Davidson)	40.6
Saint Thomas West Hospital 4220 Harding Pike, Nashville, TN 37204	Nashville (Davidson)	43.4
TriStar Ashland City Medical Center 313 N. Main St., Ashland City, TN 37015	Ashland City (Cheatham)	24.3
TriStar Centennial Medical Center 2400 Patterson St. Nashville, TN 37203	Nashville (Davidson)	41.1
TriStar Hendersonville Medical Center 355 New Shackle Island Rd., Hendersonville, TN 37075	Hendersonville (Sumner)	43.3
TriStar Horizon Medical Center 111 Highway 70 E., Dickson, TN 37055	Dickson (Dickson)	41.5
TriStar Portland ER 105 Red Bud Dr., Portland, TN 37148	Portland (Sumner)	47.2
TriStar Skyline Medical Center 3441 Dickerson Pike, Nashville, TN 37027	Nashville (Davidson)	35.9
TriStar Southern Hills Medical Center 391 Wallace Rd., Nashville, TN 37211	Nashville (Davidson)	47.1
TriStar Summit Medical Center 5655 Frist Blvd., Hermitage, TN 37076	Hermitage (Davidson)	45.9
Vanderbilt University Medical Center 1211 Medical Center Dr., Nashville, TN 37232	Nashville (Davidson)	41.7

Source: Google Maps, July 2015

**July 27, 2015****12:08 pm****waller**

Jeff Grimm

HSD Examiner

July 27, 2015

Page 9

Item III.B.1-Please clarify why the applicant expects patients to not access the proposed emergency room via public transportation. Please complete the following table that shows distance to existing Hospital EDs for the applicant's primary service area zip codes:

**Response:** Please see table showing distance to existing Hospital EDs for the applicant's service area zip codes included as Attachment B-Project Description, III.B.1. The zip code areas that the applicant anticipates serving do not have public transportation readily available. The applicant anticipates that patients will arrive either in private cars or by ambulance. Persons in need of access to an ED do not normally use public transportation to access it.

**7. Section B, Project Description, Item IV (Floor Plan)**

The floor plan of the proposed satellite facility is noted. Please provide clarification for the following:

- Is the waiting room capacity adequately sized to serve an 8 treatment room emergency facility?

**Response:** The waiting room is adequately designed to meet the needs of an 8 treatment room facility.

- How will the behavior room be used and what conditions will be treated? Will the room be secured?

**Response:** The behavior room will be used to hold patients requiring evaluations for mobile crisis staff and for seclusion. The room will be secured and monitored via closed circuit monitoring. It will serve as a treatment room for those patients experiencing a mental health crisis, such as depression, suicide, drug issues, and anxiety.

- There is no trauma room shown in the floor plan. Will any of the treatment rooms be set up to treat trauma patients? Please clarify.

**Response:** The two larger treatment rooms will be set up to treat trauma patients.

**8. Section C, Need, Item 1 (Project Specific Criteria) Construction, Renovation, Item 3.a**

Please briefly describe how the 1,500 per room Emergency Department Benchmarking Alliance standard takes into account such factors such as average minutes per room,

**July 27, 2015****12:08 pm****waller**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 10

average minutes per level of care and room occupancy differences between 7-3, 3-11, and 11-7 shifts?

**Response:** The article from the Emergency Department Benchmarking Alliance states that the 1,500 per room standard takes into account room occupancy difference between different shifts by looking at the increased number of patients in the ED between certain hours. Regardless of the ED's size, the census in an ED is typically three to four times greater at 4 p.m. as it is at 4 a.m. This article does not specifically address minutes per room, or average minutes per level of care. The applicant does not know what specific processes were used to develop this standard.

The link to this article is:

<http://www.edbenchmarking.org/uploads/herd.pdf>

#### **9. Section C, Need, Item 3 (Service Area)**

The 2 Microsoft maps of the service area by zip codes – 1 map for Robertson and 1 map for Montgomery County are noted. It appears that the zip code areas are contiguous although their proximity to NorthCrest Medical center in Springfield and Gateway Medical center in Clarksville is uncertain. It would help to provide a condensed version using 1 map that outlines each zip code area and includes the locations of both hospitals.

**Response:** Please see Condensed Map included as Attachment C-Need, Item 3 - Question 9.

To what extent did patient outmigration by residents of the applicant's proposed service area to ED sites in Kentucky such as the Jennie Stuart Medical Center ED in Hopkinsville, factor into determination of the proposed facility's service area? Please clarify.

**Response:** NorthCrest did not consider any ED utilization at Jennie Stuart. If the patients who currently choose Jennie Stuart for emergency care would be closer to the proposed satellite ED, it would be expected that they might choose to receive ED services there in the future. Thus, if anything, the projected number of visits might be slightly understated.

Please compare the satellite ED facility's proposed service area by zip code with NorthCrest's main ED service area.

**Response:** Please see chart below that identifies zip codes and the overlap in those where patients are currently receiving services at the main ED compared to those from which NorthCrest expects to treat patients at the proposed satellite ED.

Zip Code	Location	Satellite ED	Main ED
37010	Adams	x	x
37032	Cedar Hill	x	x
37049	Cross Plains		x
37073	Greenbrier		x
37141	Orlinda		x
37172	Springfield		x
37188	White House		x
37043	Sango	x	x
37040	Clarksville	x	x
37052	Cunningham	x	x
37142	Palmyra	x	x
37171	Southside	x	x

**10. Section C, Need, Item 5.**

The table provided on page 19 of the response indicates a slight increase of less than 1 percent in NorthCrest's ED volumes. In addition, review of the application submitted on 7/15/15 for Gateway's proposed ED in the same vicinity revealed that Gateway had 63,693 ED visits in 2014, a 2.1% decline from 2012. Given these metrics, please explain the need to add ED capacity at all.

**Response:** Neither the small increase in NorthCrest's ED utilization nor, the very minimal decline in Gateway's ED utilization is necessarily indicative of whether or not there is a need for additional ED capacity. Given the number of patients in the zip code service area who currently go outside of Robertson and Montgomery Counties for ED services, there is sufficient utilization of ED services in this area to justify a need for the NorthCrest satellite ED. As stated in its application, and elsewhere in these supplemental responses, the vast majority of the patients projected to use the satellite ED will be captured from the current outmigration for these services. The benefits of providing emergency services at a satellite ED outweigh any minimal impact on ED utilization at either NorthCrest or Gateway.

NorthCrest historical ED visits shown in the table on page 19 do not match the ED visits reported to the Department of Health in the 2012 JAR (8,116 visits) or the 2013 JAR (25,710 visits). Additionally, the visits reported in the 2013 JAR by Gateway (63,185 ED visits) appear to differ from the table. Please explain.

**July 27, 2015****12:08 pm****waller.**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 12

**Response:** As stated in the application, in the process of preparing this application, NorthCrest realized that the ED visits it had reported on the JAR did not include all the visits in the ED. Any visits which resulted in a hospital admission were inadvertently left out, so that capacity was underestimated. NorthCrest is in the process of correcting the JAR. It is the understanding of the applicant that the state will not go back to 2011 to correct the JAR, so even when corrections are made, not all data points provided in the application will be corrected. The information in the application as filed is correct for NorthCrest. The information included for Gateway appears to be a typographical error. The number from the JAR for Gateway is 63,185 ED visits. A corrected page 19 is included as Attachment C-Need-5.

Also, please provide metrics that identify how many of NorthCrest's ED patients were admitted as inpatients and/or for observation during the most recent 12-month period that information is available. Please discuss the pros and cons of these patients going to an ED at a hospital versus going to a satellite ED that would require a transfer by ambulance.

**Response:** In 2014, NorthCrest had 3,685 patients admitted from the ED as inpatients, including patients held for observation. Satellite EDs are providing increased access to necessary emergency services. In particular, patients who are having a heart attack need care quickly. The ability to receive that care in a more convenient, easily accessible location can mean the difference between a positive outcome and a negative outcome, which will increase the ability for lives to be saved. Approval of NorthCrest's application for a satellite ED will allow it to provide increased access to patients who are currently going outside Robertson and Montgomery County to receive care, without any issues with quality of care, as it is a department of the hospital and will provide the same high quality of care as the main ED.

#### **11. Section C, Need, Item 6.**

NorthCrest ED historical visits shown in the table on page 21 do not match the visits reported in the 2012 Joint Annual Report (8,116 ED visits) and the 2013 JAR (25,710 visits). Please explain. If needed, please revise and resubmit historical ER visit data.

**Response:** As stated in the application and in response to Question 10 above, in the process of preparing this application, NorthCrest realized that the ED visits it had reported on the JAR did not include all the visits in the ED. Any visits which resulted in a hospital admission were inadvertently left out, so that capacity was underestimated. NorthCrest is in the process of correcting the JAR with the state. It is the understanding of the applicant that the state will not go back as far as 2011 and correct that JAR, so even when corrections are made, not all data points provided in the application will be corrected. The information in the application as filed is correct for NorthCrest.

**July 27, 2015****12:08 pm****waller**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 13

Given NorthCrest's existing urgent care center less than 1 mile from the proposed facility and other centers in Clarksville, what impact by that center and other urgent care centers in Clarksville identified in the Gateway satellite ED application (CN1507-027) was considered in developing the utilization projections? Please identify existing urgent care centers in the applicant's service area by completing the table below.

**Response:** NorthCrest Specialty Care is not an urgent care facility; it is a clinic staffed by physicians and nurse practitioners. Please see information below on the existing urgent care centers in the service area. As is seen from the chart below, urgent care centers do not generally accept Medicaid and that is true for the ones in the proposed service area for the applicant. Urgent care centers are not intended as a replacement for primary care doctors, so if a facility is not accepting new TennCare patients, they are only taking a limited number of TennCare patients, if any.

#### URGENT CARE CENTERS IN APPLICANT'S PROPOSED SERVICE AREA

Urgent Care Center Name	Address	Distance from Proposed ED	Operating Hours	Clinical Staff	Medicare, TennCare, & Major Ins accepted?
NorthCrest Specialty Clinic	N/A	N/A	N/A	N/A	N/A
Premier Walk-In Clinic	2147 Wilma Rudolph (Mall location)	7 miles	M-F 8:00am-8:00pm, Sat: 8:00 am-6:00pm; Sun: 1:00pm-5:00pm	PA's/NP (rotate shifts)  Workers Comp/OCC Health Services Included	Yes. Medicare and Major Insurance. Not accepting new TennCare patients.
Doctor's Care#1	2320 Wilma Rudolph (Ste B)	7 miles	M-F: 8:00am-8:00pm; Sat. 9:00am-5:00pm; Sun: 12:00pm-6:00pm	Staff includes: Dr. Kent and rotating PA's/NP's  Workers Comp/OCC Health Services Included	Yes. Medicare and Major Insurance. Does not accept TennCare.
Doctor's Care#2	2302 Madison Street (Sango)	4 miles	M-F: 8:00am-6:00pm; Sat: 9:00am-5:00pm; Sun: Closed	Staff includes: Dr. Kent and rotating PA's/NP's  Workers Comp/OCC Health Services Included	Yes. Medicare and Major Insurance. Does not accept TennCare.
American Family Care	1763 Madison Street	6 miles	Open 7 days per week: 8:00am-6:00pm	Staff includes: MD's/PA's/NP's all rotating  Workers Comp/OCC Health Services Included	Yes. Medicare and Major Insurance. TennCare depends on the physician working. Patients urged to call prior to the visit.



**July 28, 2015****1:58 pm**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 14

Please clarify if there is a shortage of primary care physicians in the applicant's proposed satellite ED service area that would force patients to go to an emergency room for routine treatment.

**Response:** While NorthCrest believes there is a shortage of primary care physicians in the proposed service area, it has no data to support whether or not patients are being forced to go to an emergency room for routine treatment. When patients come to the ED and do not have a primary care physician, NorthCrest works with them to find a primary care physician so that they can receive better access to primary health care services.

Please complete the following table for ED patient origin by zip code for CY 2014 for zip codes with patient origin over 0.15%.

**ED VISIT BY RESIDENTS OF APPLICANT'S PROPOSED SERVICE AREA  
2014**

Patient Zip Code	Patient Community	Patient County	Total Patients Treated	Cumulative Patients Treated	% by Zip Code	Cumulative %
37032	Cedar Hill	Robertson	647	647	23.02	23
37010	Adams	Robertson	1,576	2,223	56.08	79.1
37043	Sango	Montgomery	274	2,497	9.75	89
37040	Clarksville	Montgomery	297	2,794	10.57	99.42
37052	Cunningham	Montgomery	3	2,797	.11	99.53
37142	Palmyra	Montgomery	12	2,809	.43	99.96
37171	Southside	Montgomery	1	2,810	.03	99.99
Total			2,810	2,810	100	100

The applicant provides volumes by level of care in the table at the top of page 30 in the application. Of the 8,498 projected satellite ED visits in Year 1, why are the volumes for Level 1 (696) and Level V (267) so low?

**Response:** The applicant has revised the volumes by level and has included a revised page 30 to the application included as Attachment C, Need-6. NorthCrest has projected these volumes based roughly on the percentage of visits by level in its main ED. The nature of the services provided in an ED are such that at the lower level, patients may be choosing not to go to an ED for care because they feel they do not need an ED.

Please complete the following table for NorthCrest patients treated from 2014-2017 by level of care consistent with the definitions that apply to Levels 1-V provided in the attachments (Section C, Economic Feasibility, Item 1, "Visit Levels Chart")

**Response:** Please see table below for data on visit levels.

**July 27, 2015****12:08 pm****waller**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 15

**NORTHCREST MEDICAL CENTER ED UTILIZATION BY LEVEL OF CARE**

Level of Care	Main ED	Main ED	Main ED	Main ED Year 1	Satellite ED Year 1	Combined Year 1
	2014	2015	2016	2017	2017	
Level I	44	50	52	49	14	63
Level II	2,881	2,571	2,648	2,533	720	3,253
Level III	7,790	9,958	10,257	9,810	2,788	12,598
Level IV	6,937	7,930	8,168	7,812	2,220	10,032
Level V	10,891	9,843	10,138	9,697	2,756	12,453
Totals	28,723	30,352	31,263	29,901	8,498	38,399

Please complete the following chart for projected ED utilization by zip code in in Year 1 of the proposed Satellite ED project (2017) for zip codes with patient origin over 0.15%.

**PROJECTED UTILIZATION BY ZIP CODES IN APPLICANT'S PROPOSED SERVICE AREA, YEAR 1**

Patient Zip Code	Patient City	Patient County	Population	Patients Treated	Cumulative Patients Treated	% by Zip Code	Cumulative %
37032	Cedar Hill	Robertson	5,226	809	809	9.5	9.5
37010	Adams	Robertson	5,017	1,865	2,674	21.9	31.5
37043	Sango	Montgomery	45,894	3,390	6,064	39.9	71.4
37040	Clarksville (25%)	Montgomery	12,903	1,744	7,808	20.5	91.9
37052	Cunningham	Montgomery	3,051	327	8,135	3.9	95.8
37142	Palmyra	Montgomery	2,185	224	8,369	2.6	98.4
37171	Southside	Montgomery	1,054	139	8,498	1.6	100
Total			75,330	8,498	8,498		100

Please provide patient destination by ZIP Code in proposed ZIP Code service area for 2014 in the table below.

**Response:** The applicant is unable to furnish the level of detail requested from publicly available sources.



**July 27, 2015****12:08 pm****waller**

Jeff Grimm

HSD Examiner

July 27, 2015

Page 17

of the proposed facilities (1,800 SF) and their estimated construction costs (approximately \$1,585,000). As a suggestion, it may be helpful to also provide a table similar to the Square Footage Chart in the application to compare to the Square Footage Chart in Gateway's application that would help highlight the differences noted in the question.

**Response:** It appears that the primary differences between the costs of the two projects are in the number of square feet and the cost per square foot of construction. The Gateway project has 1,800 additional square feet. The applicant is unsure why the Gateway project is larger or its projected costs per square foot are 25% higher than those for the NorthCrest satellite ED. NorthCrest has worked hard to be able to build a facility that will adequately meet the needs of area residents in a cost effective manner.

**13. Section C, Economic Feasibility, Item 4 (Historical Data Chart and Projected Data Chart)**

Please provide a Historical Data Chart for NorthCrest's Emergency Department.

**Response:** Please see Historical Data Chart for NorthCrest ED included as Attachment C-Economic Feasibility, Item 4-Question 14.

Please provide a combined projected data chart for both the main NorthCrest ED in Springfield and the proposed Satellite Emergency facility in Clarksville.

**Response:** Please see Consolidated Projected Data Chart included as Attachment C-Economic Feasibility, Item 4-Question 14.

**14. Section C, Economic Feasibility, Item 5 and 6**

The average gross charge, average deduction from gross operating revenue and average net charge is noted. However, there is no Historical Data Chart for the main ED to verify the impact of the project to historical charges of the hospital ED. Please clarify.

**Response:** As stated in the application, there is no adjustment to charges. Both the main ED and the satellite ED will have the same charge structure.

**15. Section C, Economic Feasibility, Item 9**

The participation of the proposed ED facility in state and federal programs is noted. However, please address the question specific to the overall payor mix that would apply

**July 27, 2015****12:08 pm****waller®**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 18

to both the main campus ED in Springfield and the proposed satellite ED in Clarksville.  
In your response, please complete the payor mix table below.

### APPLICANT'S HISTORICAL AND PROJECTED PAYOR MIX

Payor Source	NorthCrest Main ED Gross Operating Revenue 2014	As a % of Gross Operating Revenue 2014	NorthCrest Main ED Gross Operating Revenue Year 1	As a % of Gross Operating Revenue Year 1	Satellite ED Gross Operating Revenue Year 1	As a % of Gross Operating Revenue
Medicare	6,529,294	16	6,623,403	16	1,882,324	16
TennCare	13,556,198	33	14,453,172	35	4,107,488	35
Managed Care	1,683,716	4	1,706,355	4	484,934	4
Commercial	10,012,563	25	10,147,189	25	2,883,759	25
Self-Pay	8,478,945	21	7,846,007	19	2,229,799	19
Other	486,189	1	518,651	1	147,400	1
Total	40,746,905	100	41,294,777	100	11,735,704	100

### 18. Section C, Economic Feasibility, Item 10

Review of the audited Consolidated Statements in the attachment for the Year ended June 2014 and June 2013 revealed differences in operating revenues, expenses and net operating income (NOI) from the entries in the Historical Data Chart for both 2014 and 2013. Please explain.

**Response:** The Historical Data Chart is for NorthCrest Medical Center only. The audited Consolidated financial statement includes the consolidated information for all related entities. Both data sets are correct; they are just not the same.

Please clarify the financial feasibility of the project when the audited statements reflect unfavorable NOI of \$1,204,352 in 2014 and \$3,991,923 available from cash and cash equivalents.

**Response:** The applicant has made great strides in improving the financial performance of its organization, as evidenced from the three years of financial statements provided. The NorthCrest CEO, who took over 2 years ago, has focused his energy on quality and cost efficiency. The financials for 2015 show the same continuing improvement in financial performance. Even though NorthCrest has the ability to finance the project, it has chosen to partner with a group of private investors who will purchase the property,

develop the satellite ED and lease the entire property back to NorthCrest for use as the satellite ED.

**19. Section C, Orderly Development, Item 1.**

It appears that Gateway Medical Center is the closest hospital to the proposed satellite emergency room. Is there a transfer agreement with that hospital? If not, will a transfer agreement be negotiated and effective before the proposed satellite ED opens in 2017? Please explain.

**Response:** It would be premature for NorthCrest to request a transfer agreement until its CON application is approved. However, if a transfer is warranted, Gateway will be required to accept such transfer as long as it has the ability to provide the necessary services.

Please define the Emergency Medical Treatment and Labor Act (EMTALA).

**Response:** The Emergency Medical Treatment and Labor Act ("EMTALA") is an act of the United States Congress, passed in 1986 as part of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). Under EMTALA, emergency care must be provided to all persons in need of it, regardless of their insurance status.

Please indicate where emergency OB patients will be referred for treatment from the proposed satellite facility. Also, please clarify if the OB patients would be admitted directly to the receiving facility, or would need to admit through the receiving hospital's ED.

**Response:** Women who present at the satellite ED in labor will have a medical screen by the ED physician. If the labor is identified as active, and the patient can be stabilized and transferred, then it will generally occur by ambulance. If transport is not an option, either because it would not be safe or the labor is too far along, the ED physicians and nurses have the capability to deliver babies. If the woman was transferred to NorthCrest, she would not need to be admitted through the ED but would be able to be admitted directly to the facility. The applicant does not know what the protocol at Gateway would be but suspects it would be the same.

**20. Section C, Orderly Development, Item 2.**

Please explain the difference between an Urgent Care Clinic and a Satellite ED. Please include hours of operation, the patient costs (including copay) for each service, and any CPT code overlap.

**July 27, 2015****12:08 pm****waller**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 20

**Response:** An urgent care clinic is a physician clinic that provides expanded hours of services and may provide a higher level of service than that provided in a physician's office. It is enrolled in the Medicare program as a physician clinic. Urgent care clinics do not accept ambulance traffic, and are generally not subject to EMTALA.

Contrary, freestanding EDs provide *all* levels of care and stabilization, and are open twenty-four hours a day, seven days a week. Most urgent care clinics are not equipped to treat higher-level cases that would need to be transferred to an ED. While there may be CPT code overlap between an advanced urgent care clinic and a freestanding ED, freestanding EDs are able to treat not only minor trauma, but can treat and stabilize all levels of medical care. Further, freestanding EDs typically provide advanced imaging and full service labs. Freestanding ED licensing is typically under the same site license as a hospital.

In your response, please complete the following chart indicating if the following conditions can be treated at an urgent care, hospital emergency room, or satellite ER.

**CONDITIONS TREATED BY URGENT CARE AND APPLICANT**

Condition/Need	Urgent Care	NorthCrest Medical Center Main ED	Proposed Satellite ER
Broken Bones		X	X
Basic Lab Services		X	X
Complex Lab Services		X	X
Basic Radiological Services	X	X	X
Complex Radiological Services		X	X
Fevers/Rashes	X	X	X
Sore Throat/ Ear Infections	X	X	X
Orthopedic Care Requiring an MRI		X	
Prescriptions Written	X	X	X
Migraines	X	X	X
Minor Burns	X	X	X
Respiratory Infections	X	X	X
X-Rays	X	X	X
Advanced Life Support		X	X
Severe Chest Pain		X	X
Deep Puncture Wounds		X	X
Traumatic Injuries		X	X
Dizziness	X	X	X
Patients in Labor with medical problems		X	X
Patients requiring surgery		X	
The Flu	X	X	X
Back Pain	X	X	X
Sprains	X	X	X
Toothache	X	X	X

**July 27, 2015****12:08 pm****waller**

Jeff Grimm  
HSD Examiner  
July 27, 2015  
Page 21

**21. Section C, Orderly Development, Item 3.**

The comments on page 32 reflect staffing pattern for approximately 27.7 full time equivalent (FTE) nursing and support staff. However, the comments note that around the clock emergency medicine physician staffing will be provided by contract but omit the estimated FTE amount. Please clarify by completing the following chart showing the FTE staffing plan for the proposed satellite ED:

**APPLICANT'S PROJECTED STAFFING OF PROPOSED SATELLITE ED BY SHIFT**

<b>Position</b>	<b>7-3 # FTEs</b>	<b>3-11 # FTEs</b>	<b>11-7 # FTEs</b>	<b>Total</b>
Emergency Medicine Physician	1.4	1.4	1.4	4.2
Nurse Practitioner	0.7	1.4	-0-	2.1
RN	3.5	4.2	2.8	10.5
LPN	N/A	N/A	N/A	N/A
EVS Tech	1.4	1.4	1.4	4.2
Lab Tech	N/A	N/A	N/A	N/A
Rad Tech	1.4	1.4	1.4	4.2
Pharmacy	N/A	N/A	N/A	N/A
Clerical	1.4	1.4	1.4	4.2
Security	1.4	1.4	1.4	4.2
<b>Total</b>	<b>11.2</b>	<b>12.6</b>	<b>9.8</b>	<b>33.6</b>

Review of the 2013 JAR revealed that the staffing reported for NorthCrest's main ED was 6 physicians and 13 nursing and clerical FTE for a total of 19 FTE in CY2013. What is the current level of staffing and how does it compare to the staffing proposed for the satellite ED? In your response, please also show the combined staffing plan in Year 1 and compare to the most recent 12-month period for which information is available in the table below.



**APPLICANT'S HISTORICAL AND PROJECTED ED STAFFING**

Position	NMC Main ED (most recent year)	NMC Main ED Year 1	Proposed Satellite ED Year 1	Total FTE Year 1
Emergency Medicine Physician	4.2	4.2	4.2	8.4
Nurse Practitioner	4.2	4.2	2.1	6.3
RN	29.4	29.4	10.5	39.9
LPN	N/A	N/A	N/A	N/A
Pharmacy	N/A	N/A	N/A	N/A
EVS Tech	4.2	4.2	4.2	4.2
Lab Tech	N/A	N/A	N/A	N/A
Ed Nurse Tech	15.5	10.5	4.2	14.7
Registrar Tech	4.2	4.2	-0-	4.2
Rad Tech	4.2	4.2	4.2	8.4
Clerical	N/A	N/A	N/A	N/A
Security	4.2	4.2	4.2	8.4
Total	65.1	65.1	33.6	98.7

Please also clarify if there will be security available at the proposed satellite ER. If so, please identify in the table above. If security personnel are not included in the applicant's staffing plan, please explain.

**Response:** As indicated in the staffing charts above, security personnel will be available at the satellite ED just as they are at the main ED.

If you have any questions, please contact me at 615-850-8722 or by email at [kim.looney@wallerlaw.com](mailto:kim.looney@wallerlaw.com).

Sincerely,



Kim Harvey Looney  
Waller Lansden Dortch & Davis LLP

Enclosures

**July 27, 2015****12:08 pm****Supplemental Request****Attachment A-Applicant Profile, Item 6 (Question 3)****Option to Purchase**

**July 27, 2015****12:08 pm****CONTRACT FOR THE SALE OF REAL ESTATE**

THIS CONTRACT FOR THE SALE OF REAL ESTATE made and entered into effective as of JUNE 17<sup>th</sup>, 2015, (the "Effective Date") by and between Ty Watts, or its successor/heirs and assigns (the "Purchaser"), and David Stiltner (the "Seller").

**WITNESSETH:**

1. **PROPERTY.** Real Estate situated in Clarksville, Montgomery County, Tennessee, together with all improvements, fixtures, privileges and appurtenances pertaining thereto, and as more fully described as follows (hereinafter referred to as the "Property"):

2.22+/- acres located at 1376 Hwy 76, Clarksville Tennessee 37043 and 751 S. Gateway Plaza Blvd, Clarksville, Tennessee 37043

2. **CONTRACT SALE PRICE.** The Purchase Price for the Property shall be Five Hundred Seventy Five Thousand Dollars (\$575,000.00) (the "Purchase Price"). The Purchase Price shall be paid at Closing (as defined in Section 6.1 herein) by wire transfer, or other cash equivalent, acceptable to Seller, received by Seller or the closing agent, as applicable, prior to 2:00 p.m. Central Time, subject to a credit to Purchaser for the Earnest Money (as defined in Section 3.1 below) and closing adjustments as set forth herein

3.0 **EARNEST MONEY, PAYMENT TO SELLER AT CLOSING.** Upon execution of this Agreement, Purchaser shall deposit with NAI Clarksville (the "Escrow Agent"), the sum of Five Thousand Dollars (\$5,000.00) (the "Earnest Money" shall include the referenced deposit and any additional deposits made by Purchaser) to be held in escrow by the Escrow Agent.

3.1 **ESCROW.** The Earnest Money delivered to the Escrow Agent shall be held in trust for the mutual benefit of the parties subject to the terms and conditions of this Agreement. The Earnest Money shall be deposited by the Escrow Agent in a non interest bearing insured account with a reputable lending institution. If the sale of the Property closes as contemplated, Purchaser will receive the benefit of the Earnest Money as a credit against the Purchase Price. In the event the Earnest Money is invested in an interest bearing account, then Seller and Purchaser shall provide Escrow Agent with appropriate Internal Revenue Service Forms W-9 for tax identification number certification, or non-resident alien certification, and Escrow Agent shall be permitted to hold the Earnest Money until it receives such forms.

3.2 **NO LIABILITY OF HOLDER OF EARNEST MONEY.** Seller and Purchaser each agree to indemnify Escrow Agent and to hold Escrow Agent harmless from and against any and all liabilities incurred by Escrow Agent in connection with holding the Earnest Money under this Agreement, except to the extent due to Escrow Agent's willful

**July 27, 2015****12:08 pm**

misconduct or gross negligence. In the event of any dispute or question as to the duties of Escrow Agent hereunder, Escrow Agent shall be entitled, in Escrow Agent's sole discretion, without liability to any person having any claim to the Earnest Money, to refuse to perform any act other than to retain the Earnest Money until Escrow Agent's obligations hereunder have been finally determined by a court of competent jurisdiction, or until Escrow Agent has received appropriate instructions in writing signed by the Seller and Purchaser. Escrow Agent may act pursuant to the advice of counsel with respect to any matter relating to this Agreement and shall not be liable for any action taken or omitted by it in good faith in accordance with such advice, unless caused by the willful misconduct or gross negligence of Escrow Agent. Escrow Agent does not have any interest in the Earnest Money deposited hereunder but is serving as escrow holder only and having only possession thereof.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS. Seller does hereby represent, warrant and covenant to Purchaser as follows, all of which shall be true as of the Effective Date and as of the Closing Date:

4.1. Compliance with Existing Laws. To Seller's knowledge, the Property is not in violation of any laws, rules, statutes or regulations applicable to the Property, including, without limitation, any laws, rules, statutes or regulations related to environmental protection, wetlands, or public health and safety. From the Effective Date until the Closing, Seller shall comply in all respects with any laws, rules, statutes or regulations applicable to the Property.

4.2. Liens and Encumbrances. Seller has good and marketable title in fee simple to the Property, and the Property is and shall be free and clear of all mechanics liens, liens, mortgages, or encumbrances of any nature, except as expressly permitted in this Agreement. Seller specifically agrees to have the Property released at Closing from any existing mortgages, deeds of trust, option contracts, leases, security agreements, or financing statements. Further, no materials or labor have been furnished to Seller or to the Property or any portion thereof, which might give rise to mechanics, materialmen's or other liens against the Property or any portion thereof.

4.3. Condemnation. Seller warrants to Purchaser that there are no condemnation or eminent domain proceedings pending against the Property, and Seller has received no written notice and has no knowledge of any such proposed condemnation or eminent domain proceeding.

4.4. Litigation. There is no cause of action or litigation pending against or involving the Property or Seller which would affect the Property, and Seller has received no written notice of any threat of such litigation.

4.5. Property and Other Taxes. All federal, state and local tax reports and returns required to be filed by Seller, and all taxes and other charges shown on said reports and returns have been duly paid. Seller has not received any statement or notice by any taxing authority of its intent to effect a change in the assessed value or basis for levy of

**July 27, 2015****12:08 pm**

taxes with respect to the Property. To the best knowledge and belief of Seller, no state of facts exists or has existed which would constitute grounds for the assessment of any material tax liability with respect to the Property.

4.6. Operation of the Property. Seller covenants that, to the extent it is within Seller's control, Seller will not voluntarily create or cause or permit a lien or encumbrance to attach to or on the Property between the Effective Date and Closing. Seller shall operate the Property in the ordinary course of business prior to the Closing. Seller shall not enter into or amend any lease(s) or service contracts affecting the Property without Purchaser's prior written consent. The Property shall be in substantially the same condition at Closing as existed during the Inspection Period With the exception of any changes to the property called for by this Agreement.

4.7. Authorization/No Violations of Agreements. Seller has the power and authority to execute this Agreement, and this Agreement constitutes the legally binding and enforceable obligation of the Seller. The Execution and delivery of this Agreement by the Seller shall not cause Seller to breach or violate any other agreement, contract or obligation to which the Seller is a party.

4.8. Survival. The representations and warranties by Seller in this Agreement shall survive the closing and the recording of the deed for a period of one year after the date of Closing.

4.9. Flood Plain. The Property is not in a flood plain or water district or in any other type of Federal, State or local flood hazard area.

4.10. Geotechnical. The Seller has no knowledge that the Property is subject to any surface or subsurface ground fault.

4.11. Hazardous Materials. The Property is not being used and the Seller has no knowledge that the Property has ever been used for the storage and/or disposal of any hazardous or toxic material in violation of any local, state or federal law.

4.12. Access. The Property fronts on a street, road or highway which has heretofore been dedicated to and accepted by local, state or federal governments and to the best of the Seller's knowledge, no fact or condition exists which would result in the termination of the current access from the Property to any presently existing highways and/or roads adjoining or situated on the Property.

4.13. Utilities. There are located at the boundary line of the Property all utilities, including but not limited to gas, water, sewer and electricity, which utilities may be accessed by the Purchaser at no charge, except normal tap and meter charges assessed by the providing utility.

If any of the above representations, warranties or covenants is untrue, with the exception of the representations in items 4.2 and 4.5, which shall be remedied by the

Seller at or prior to the Closing, this contract may be terminated by the Purchaser and the Earnest Money shall be refunded to the Purchaser.

5. TITLE, SURVEY, INSPECTION PERIOD.

5.1 Title Insurance. Purchaser shall, within 30 days from the Effective Date, obtain a commitment for owner's title insurance on the standard ALTA Owner's Policy (the "Title Commitment") from a Title Company chosen by Purchaser. The Title Commitment shall indicate that title is owned by Seller, free and clear of all liens and encumbrances except for the matters agreed to by Purchaser prior to the expiration of the Inspection Period (the "Permitted Exceptions"). At the Closing, the Title Company (i) shall insure that Purchaser is vested with good and marketable fee simple title to the Property, subject only to the Permitted Exceptions and (ii) shall delete the standard exceptions for mechanics and materialmen's liens, parties in possession, "gap" coverage, and matters which an accurate survey would disclose.

5.2 Survey. Within 30 days of request by the Purchaser, Seller shall prepare and deliver to Purchaser a standard boundary survey of the Property certified by a Surveyor licensed in the State of Tennessee as of a date which follows the Effective Date (the "Survey"). The legal description on the Survey shall replace the legal description of the Property and shall be conveyed to Purchaser at closing.

5.3 Title and Survey Review. If the Title Commitment or Survey shows matters which are not satisfactory to Purchaser, Purchaser shall give Seller written notice thereof within fifteen (15) days following the last to be received by Purchaser of the Title Commitment or Survey, and shall state in writing its objection to the same. Failure to give such notice within said fifteen (15) day period shall constitute approval of the Title Commitment and the Survey. Within ten (10) days after receipt of such objections, Seller shall have the right, but shall not be obligated, to cure any objections. If Seller shall fail within such ten (10) day period to cure or commit to cure such objections, then Purchaser may elect, by written notice to Seller, either to: (i) terminate this Agreement and receive a refund of the Earnest Money, including interest, if any, or (ii) waive all title defects which Seller is unwilling to cure and proceed with Closing hereunder as if said title defects did not exist. Closing may be extended for up to 30 days in order for Seller to cure any title or survey defect which it has committed to cure.

5.4 Inspection Period. Purchaser and/or Purchaser's agent(s) (which shall include its architects, engineers, contractors or design consultants) shall have the right, at its option and at its expense, to inspect all aspects of the Property for Ninety (90) days commencing on the Effective Date (the "Inspection Period"), to determine its suitability for Purchaser's purposes.

5.5 Access and Inspection Rights. Purchaser shall have full right of access over, under and above the Property during the Inspection Period (and any extended Inspection Period) and Seller shall cooperate with Purchaser in the course of Purchaser's investigation. Purchaser agrees to restore any part of the Property inspected to its

**July 27, 2015****12:08 pm**

condition as it existed prior to the inspection and Purchaser shall indemnify and hold Seller harmless from any liability, claim or demand arising out of the acts or omissions of Purchaser or its agents, contractors, employees or other parties conducting activities on the Property on behalf of Purchaser.

6. Documents to be Delivered by Seller at the Closing

6.1 At the Closing, Seller shall execute, acknowledge and/or deliver or cause to be executed, acknowledged and/or delivered, as applicable, the following to Purchaser or the Title Company:

(a) A properly executed and properly notarized General Warranty Deed from Seller in form acceptable to Purchaser's counsel and the Title Company transferring to Purchaser all of Seller's interest in the Property or portion of the Property owned by Seller, subject to the Permitted Exceptions.

(b) A customary owner's affidavit from each Seller satisfactory to the Title Company and in form and content acceptable to Purchaser and its counsel, for the purpose of removing the mechanics lien and parties in possession exceptions from Purchaser's owner's title insurance policy, and for providing gap coverage.

(c) A Foreign Investment in Real Property Tax Act, ("FIRPTA") affidavit sworn to by Seller. Purchaser acknowledges and agrees that upon Seller's delivery of such affidavit, Purchaser shall not withhold any portion of the Purchase Price pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(d) Furnish evidence of the Seller's capacity and authority for the closing of this transaction.

(e) Execute all other documents necessary to close this transaction.

6.2 Items to be Delivered by Purchaser at the Closing.

(a) At the Closing, Purchaser shall deliver to Seller the Purchase Price payable at Closing pursuant to Paragraph 2, subject to apportionments, credits and adjustments as provided in this Agreement.

(b) Furnish evidence of the Purchaser's capacity and authority for the closing of this transaction.

(c) Execute all other documents necessary to close this transaction.

**July 27, 2015****12:08 pm**

7. CLOSING

7.1 Closing. The purchase and sale contemplated herein shall be consummated at the closing (referred to herein as the "Closing") which shall occur not later than ~~November~~ <sup>17th</sup> 10, 2015. <sub>December</sub>

7.2 Possession. Possession of the Property shall be transferred to Purchaser on the date of the Closing.

7.3 Closing Costs. Purchaser shall pay the costs of the Title Commitment, any title search fees, the title premium for the owner's policy of title insurance, the cost associated with any loan the Purchaser may obtain to purchase the Property, the cost of recording the warranty deed and the transfer or conveyance tax associated with the recording of the deed, the cost of recording any deed of trust and the mortgage tax associated with the recording of the deed of trust. Seller shall pay the costs of the Survey and preparation of the warranty deed and pay at closing the cost of removing any liens against the Property that are not Permitted Exceptions. Purchaser shall pay the cost of any inspection reports obtained by Purchaser (including the costs of any additional surveys or environmental reports. Each party shall pay his own attorney's fees in connection with this transaction.

7.4 Pro-rations. All pro-rations shall each be made as of 11:59 P.M. local time on the date immediately preceding the Closing Date. In each pro-ration set forth below, the portion thereof allocable to periods beginning with the Closing Date shall be credited to Purchaser, or charged to Purchaser, as applicable, at Closing or, in the case of allocations made after Closing, promptly after receipt of payments or promptly after payment of expenses which are subject to pro-ration. The following items shall, as applicable, be prorated between Purchaser and Seller or credited to Purchaser or Seller:

(a) Real property ad valorem taxes upon the Property assessed for the year in which Closing occurs shall be prorated. If the amount of such taxes for the year in which the closing occurs cannot reasonably be determined, the apportionment shall be based at closing upon the amount of such taxes for the next preceding tax year but shall be readjusted when the amount of such taxes is finally determined. Any back taxes assessed for any year prior to the year in which Closing occurs shall be paid in full by Seller at Closing, including all delinquent and/or interest charges.

8. Brokers Fee. At closing, a brokerage fee in an amount previously agreed upon by the Seller and the Agent shall be paid by the Seller to NAI Clarksville.

9. Default

9.1 Default by Purchaser. In the event that Purchaser fails to perform under this Agreement, including the failure to consummate the purchase of the Property under the terms stated in this Agreement, Seller shall have the following remedies: Seller shall terminate this Agreement after providing written notice to Purchaser and a ten (10) business day period to cure, and Seller shall (i) retain the Earnest Money, including all



**July 27, 2015****12:08 pm**

interest earned thereon, as liquidated damages or (ii) to require specific performance on the part of Purchaser and receive attorneys fees and expenses related to the enforcement of Seller's rights under this Agreement, and shall have all other remedies at law or in equity.

9.2 Default by Seller. If Seller fails to perform under this Agreement, Purchaser shall have the right, after providing written notice to Seller and a ten (10) business day period to cure, either (i) to receive back the Earnest Money, including all interest earned thereon, and thereby terminate this Agreement or (ii) to require specific performance on the part of the Seller and receive attorneys' fees and expenses related to the enforcement of Purchaser's rights under this Agreement and shall have all other remedies at law or in equity.

10. Special Provisions. The following Special Provisions shall pertain to and be a part of this Agreement and must be satisfied at or prior to closing:

Seller is delivering property "as is where is"

Soil and engineering must be suitable to Buyer, including, but not limited to phase 1, 2, and 3 environment study

Financing must be suitable to Buyer.

Zoning must be suitable to Buyer.

Noise impact of Interstate I-24 to be suitable to Buyer.

Certificate of Need to be acceptable to Buyer. CON is issued by the State of Tennessee.

11. Miscellaneous Provisions.

11.1 Completeness and Modification. This Agreement constitutes the final, complete, exclusive and entire agreement between the parties hereto with respect to the transactions contemplated herein, and it supersedes all prior discussions, understandings or agreements between the parties.

11.2 Assignment and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto, their respective heirs, permitted successors, permitted assigns, beneficial owners and representatives. The rights of Purchaser under this Agreement shall be transferable or assignable by Purchaser, in whole or part, with Seller's prior consent, which consent shall not be unreasonably withheld. Any assignee of Purchaser shall assume all rights, privileges and obligations of Purchaser hereunder in writing, and shall perform same. The rights of Seller under

**July 27, 2015****12:08 pm**

this Agreement shall be transferable or assignable by Seller, in whole or part, with Purchaser's prior consent, which consent shall not be unreasonably withheld. Any assignee of Seller shall assume all rights, privileges and obligations of Seller hereunder in writing, and shall perform same.

11.3 Waiver; Modification. Failure by Seller and Purchaser to insist upon or enforce any of its rights hereto shall not constitute a waiver thereof, except as provided herein.

11.4 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Tennessee. The parties agree that the appropriate venue for any litigation arising out of this Agreement shall be the court of competent jurisdiction in Montgomery County, Tennessee.

11.5 Counterparts/Facsimiles. To facilitate execution, this Agreement may be executed in as many counterparts as may be required. All counterparts shall collectively constitute a single agreement. Execution evidenced by facsimile signature shall be deemed an original for all purposes.

11.6 Notice. All notices, consents and other communications hereunder shall be in writing and shall be (i) personally delivered or (ii) sent by a nationally recognized overnight courier service or (iii) sent by first class, registered or certified mail, return receipt requested, postage prepaid as follows:

(a) If to Seller, to the address stated below, or to such address as may have been furnished by Seller to Purchaser in writing:

David Stiltner  
1617 Deerfield Drive  
Clarksville, TN 37043  
Attention: David Stiltner

(b) If to Purchaser, to the address stated below, or to such other address as may have been furnished by a Purchaser to Seller in writing:

Ty Watts  
322 Main Street  
Clarksville, TN 37040

Any such notice, request, consent or other communications shall be deemed received (i) at such time as it is personally delivered by hand, (ii) one business day after deposit with a courier delivery service, or (iii) on the third business day after it is mailed, as the case may be.

11.7 Time of the Essence. Time is of the essence with respect to the performance of each of the covenants and agreements under this Agreement.

**July 27, 2015****12:08 pm**

11.8 Attorneys' Fees. In the event that a party hereto engages attorneys to enforce its rights in connection with or related to this Agreement, the prevailing party in any such action shall be entitled to receive from the non-prevailing party its reasonable attorneys' fees, legal assistants' fees and costs, and court costs.

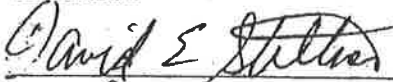
11.9 Tax Deferred Exchange. Purchaser acknowledges that Seller, at its option, may elect to participate in a tax deferred exchange in connection with the sale and purchase of the Property under Section 1031 of the Internal Revenue Code. Purchaser agrees to cooperate, at no expense to Purchaser, with Seller's efforts in participating in such exchange and to execute any and all reasonable documents required by Seller or any qualified intermediary in connection with such exchange.

11.10 Business Day. If any date or any period provided in this Agreement ends on a Saturday, Sunday or legal holiday, the applicable period shall be extended to the first business day following such Saturday, Sunday or legal holiday.

11.11 Confidentiality. Seller and Purchaser agree that the terms of this Agreement shall remain strictly confidential. No press and other publicity release or communication to the general public in connection with the purchase and sale of the Property will be issued without the Purchaser's prior written consent. Notwithstanding the foregoing, in the event that the transaction contemplated by this Agreement closes, then Seller shall have the right to make public announcements regarding the sale.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Effective Date.

SELLER:

Date Signed: 6/19/15By: DAVID E. STILTNERTitle: Owner

PURCHASER:

Date Signed: 6/17/2015

By: \_\_\_\_\_

Title: \_\_\_\_\_

**July 27, 2015****12:08 pm**STATE OF TennesseeCOUNTY OF Montgomery

Personally appeared before me, the undersigned Notary Public in and for the State and County aforesaid, David Stelton, the within named bargainer(s), with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged the execution of the within instrument for the purpose therein contained on this 19 day of June, 2015.

Shelia A. Sheppard  
NOTARY PUBLIC SEAL

Commission Expires: 12/12/17STATE OF TennesseeCOUNTY OF Montgomery

Personally appeared before me, the undersigned Notary Public in and for the State and County aforesaid, Jy Watts, the within named bargainer(s), with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged the execution of the within instrument for the purpose therein contained on this 17 day of June, 2015.

Shelia A. Sheppard  
NOTARY PUBLIC SEAL

Commission Expires: 12/12/17

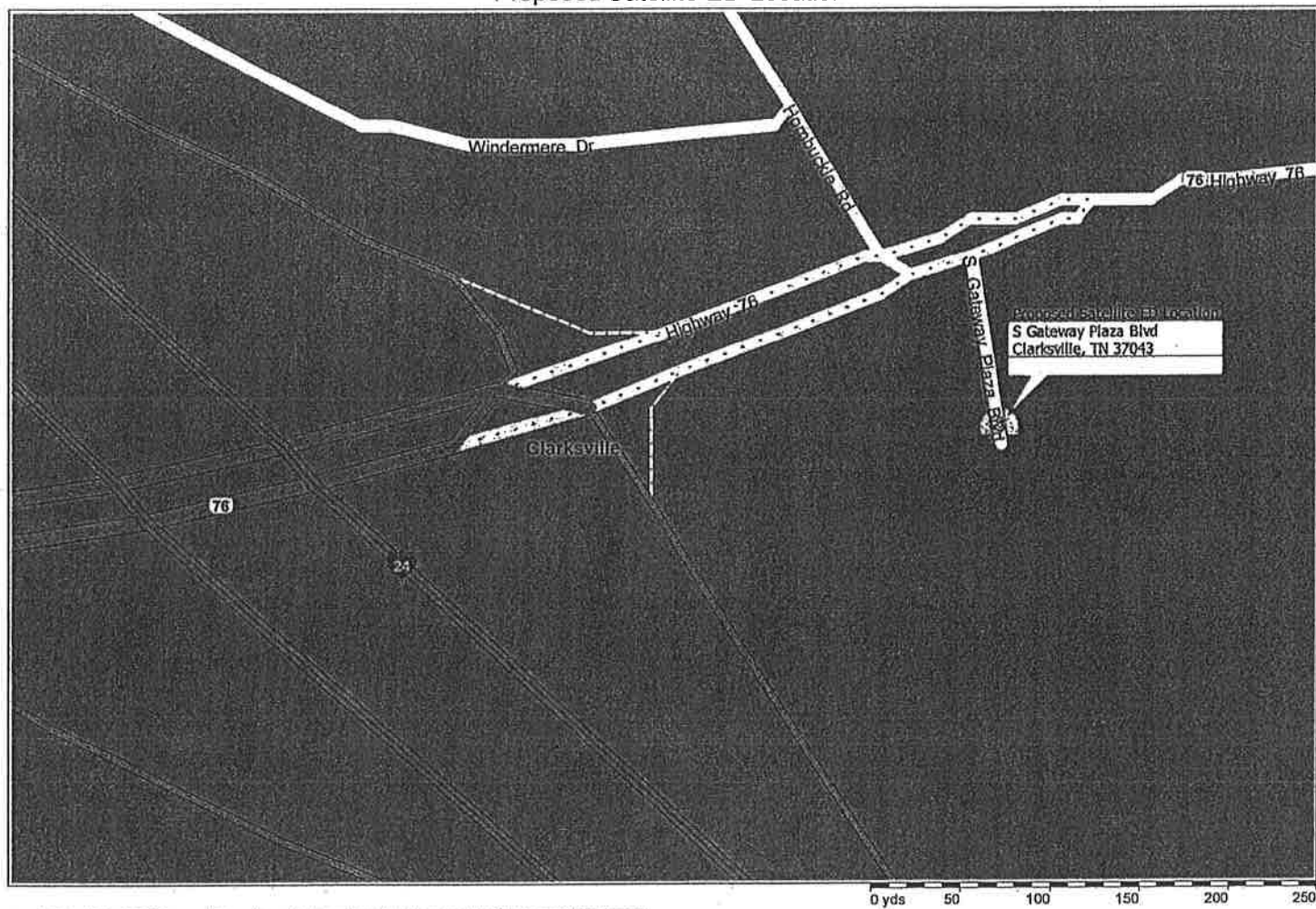
**July 27, 2015**

**12:08 pm**

**Supplemental Request**

**Attachment B-Project Description III.A (Question 6)**

**Proposed Satellite ED Plot Plan**

**July 27, 2015****12:08 pm****Proposed Satellite ED Location**

Copyright © and (P) 1988-2000 Microsoft Corporation and/or its suppliers. All rights reserved. <http://www.microsoft.com/mapoint/>  
Portions © 1990-2005 IntelShield Software Corporation. All rights reserved. Certain mapping and direction data © 2005 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario, NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2005 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc.

**July 27, 2015****12:08 pm****Supplemental Request****Attachment B-Project Description III.B.1 (Question 6)****List of Distance to Hospital EDs From Zip Codes in  
Applicant's Service Area**

**SUPPLEMENTAL #1**

188  
**DISTANCE TO HOSPITAL ED'S FROM ZIP CODES IN July 27, 2015'S**  
**SERVICE AREA**

**12:08 pm**

Zip Code	Community	Hospital ED	County	Distance in Miles	Drive time in minutes
37010	Adams	NorthCrest Medical Center	Robertson	15.2	24
		Gateway Medical Center	Montgomery	16.9	26
		Skyline Medical Center	Davidson	39	42
		Vanderbilt Medical Center	Davidson	45.0	50
37032	Cedar Hill	NorthCrest Medical Center	Robertson	10.6	20
		Gateway Medical Center	Montgomery	21.3	32
		Skyline Medical Center	Davidson	33.0	33
		Vanderbilt Medical Center	Davidson	39.0	43
37040	Clarksville	NorthCrest Medical Center	Robertson	34.25	43
		Gateway Medical Center	Montgomery	6.10	11
		Skyline Medical Center	Davidson	43.02	47
		Vanderbilt Medical Center	Davidson	48.94	55
37043	Sango	NorthCrest Medical Center	Robertson	28.77	32
		Gateway Medical Center	Montgomery	8.68	13
		Skyline Medical Center	Davidson	37.53	36
		Vanderbilt Medical Center	Davidson	43.46	44
37052	Cunningham	NorthCrest Medical Center	Robertson	45.37	53
		Gateway Medical Center	Montgomery	19.08	30
		Skyline Medical Center	Davidson	54.13	58
		Vanderbilt Medical Center	Davidson	60.06	65
		Horizon Medical Center	Dickson	23.27	31
		Ashland City Medical Center	Cheatham	30.40	44
37142	Palmyra	NorthCrest Medical Center	Robertson	47.42	56
		Gateway Medical Center	Montgomery	21.13	33
		Skyline Medical Center	Davidson	56.19	60
		Vanderbilt Medical Center	Davidson	62.11	68
		Ashland City Medical Center	Cheatham	39.21	50
37171	Southside	NorthCrest Medical Center	Robertson	50.36	61
		Gateway Medical Center	Montgomery	24.07	38
		Skyline Medical Center	Davidson	44.09	58
		Vanderbilt Medical Center	Davidson	44.96	63
		Horizon Medical Center	Dickson	25.88	36
		Ashland City Medical Center	Cheatham	22.93	33



**Supplemental Request**

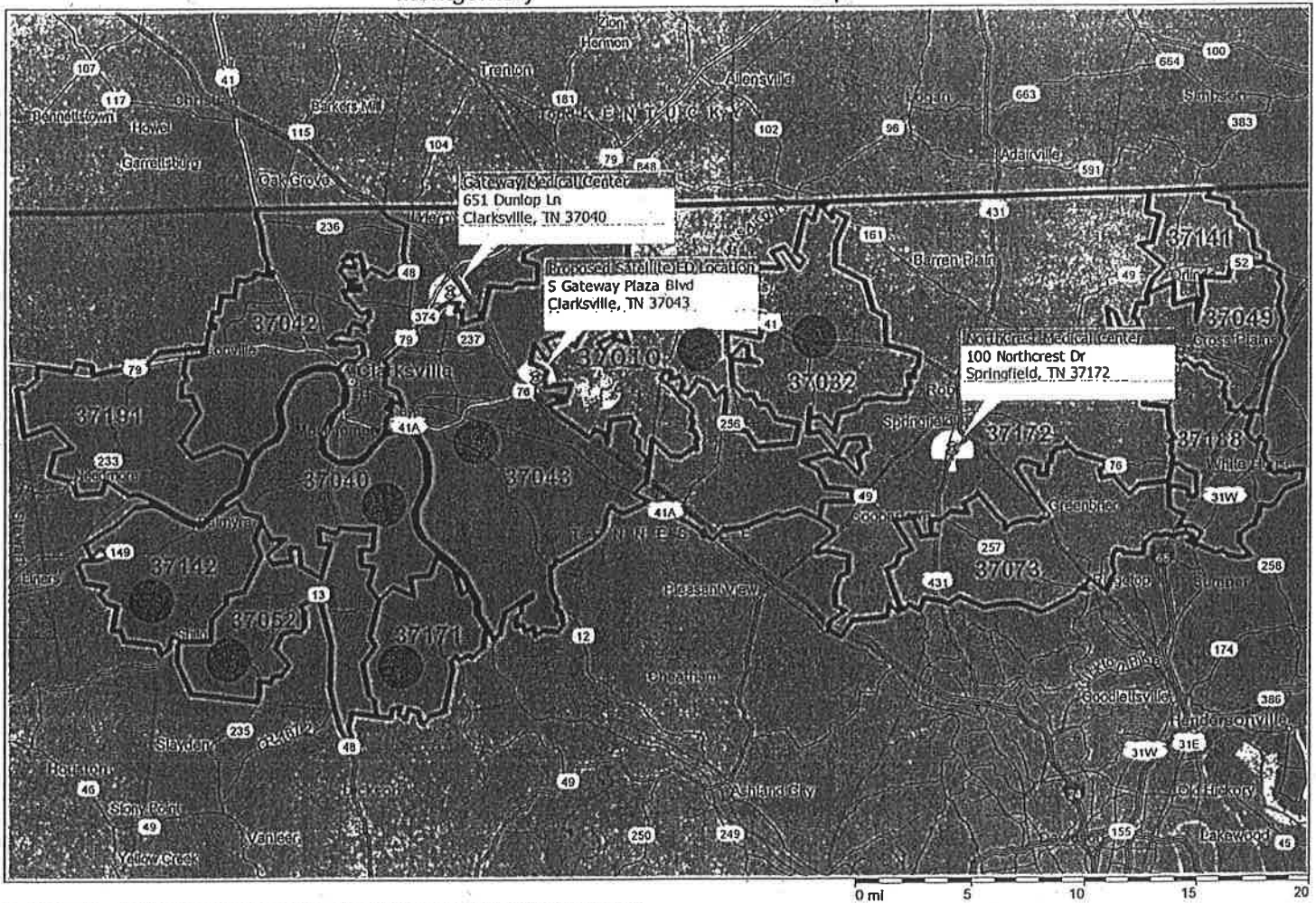
**Attachment C-Need, Item 3 (Question 9)**

**Condensed Map**

**July 27, 2015**

**12:08 pm**

## Montgomery &amp; Robertson Counties - Zip Codes



Copyright © and (P) 1988–2005 Microsoft Corporation and/or its suppliers. All rights reserved. <http://www.microsoft.com/mappoint/>  
 Portions © 1989–2005 Intel/Intel Software Corporation. All rights reserved. Certain mapping and direction data © 2005 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities.  
 Including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario, NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2005 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are  
 trademarks of Tele Atlas, Inc.



### PROPOSED SERVICE AREA

**Supplemental Request**

**Attachment C-Economic Feasibility, Item 4 (Question 14)**

**NorthCrest ED Historical Data Chart**

**Consolidated Data Chart**

192  
Historical Data Chart  
NorthCrest Medical Center  
Main ED at Springfield

**SUPPLEMENTAL #1**

**July 27, 2015**

**12:08 pm**

		Year 2014	Year 2013	Year 2012
A.	Utilization Data ( visits)	28,723	28,229	28,617
B.	Patient Revenue			
	1 Inpatient			
	2 Outpatient			
	3 Emergency Services	\$40,746,905	\$39,454,537	\$38,846,939
	4 Other			
	<b>Gross Operating Revenue</b>	<b>\$40,746,905</b>	<b>\$39,454,537</b>	<b>\$38,846,939</b>
C.	Deduction from Revenue			
	1 Contractual Adjustments	\$26,892,957	\$26,434,540	\$26,415,919
	2 Contractual Adj - Charity Care	\$1,629,876	\$1,578,181	\$1,553,878
	3 Bad Debt Expense	\$3,259,752	\$3,156,363	\$3,107,755
	<b>Total Deductions</b>	<b>\$31,782,586</b>	<b>\$31,169,084</b>	<b>\$31,077,551</b>
	<b>NET OPERATING REVENUE</b>	<b>\$8,964,319</b>	<b>\$8,285,453</b>	<b>\$7,769,388</b>
D.	Operating Expense			
	1 Salaries- with benefits	\$2,747,506	\$2,985,038	\$3,011,497
	2 Physician Salaries/Wages	-0-	-0-	-0-
	3 Supplies	\$406,612	\$454,172	\$420,284
	4 Taxes on building			
	5 Depreciation- see equipment tab	-0-	-0-	-0-
	6 Rental Expense	\$78,001	\$73,958	\$71,470
	7 Interest, other than capital			
	8 Management Fees:			
	a. Fees to Affiliates			
	b Fees to Non-Affiliates			
	9 Other Expenses	\$182,673	\$149,627	\$142,719
	<b>Total Operating Expense</b>	<b>\$3,414,792</b>	<b>\$3,662,795</b>	<b>\$3,645,970</b>
E.	Other Revenue(Expense) net			
	<b>Net Operating Income (Loss)</b>	<b>\$5,549,527</b>	<b>\$4,622,658</b>	<b>\$4,123,418</b>
F.	Capital Expenditures			
	1 Retirement of Principal			
	2 Interest			
	<b>Total Capital Expenditures</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
	<b>NET OPERATING INCOME (LOSS)</b>			
	<b>LESS CAPITAL EXPENDITURES</b>	<b>\$5,549,527</b>	<b>\$4,622,658</b>	<b>\$4,123,418</b>
	<b>Other Operating Expenses</b>			
	Contract Services	\$120,578	\$111,344	\$129,243
	Repairs/Maint	\$60,317	\$35,791	\$13,071
	Other Expense	\$1,778	2,492	\$405
		<b>\$182,673</b>	<b>\$149,627</b>	<b>\$142,719</b>

**July 27, 2015****PROJECTED DATA CHART-NORTHCREST EMERGENCY DEPARTMENT (CONSOLIDATED)****12:08 pm**

		2017	2018
A.	Utilization Data ( # of patients)	38,399	39,503
B.	Patient Revenue		
	1 Inpatient		
	2 Outpatient		
	3 Emergency Services	\$53,028,961	\$56,191,237
	4 Other		
	<b>Gross Operating Revenue</b>	<b>\$53,028,961</b>	<b>\$56,191,237</b>
C.	Deduction from Revenue		
	1 Contractual Adjustments	\$34,999,114	\$37,086,216
	2 Contractual Adj - Charity Care	\$2,003,802	\$2,111,058
	3 Bad Debt Expense	\$3,772,890	\$3,948,933
	<b>Total Deductions</b>	<b>\$40,775,805</b>	<b>\$43,146,207</b>
	<b>NET OPERATING REVENUE</b>	<b>\$12,253,155</b>	<b>\$13,045,030</b>

D.	Operating Expense		
	1 Salaries- with benefits	\$4,500,957	\$4,864,784
	2 Physician Salaries/Wages	0	0
	3 Supplies	\$903,358	\$977,195
	4 Taxes on building	0	0
	5 Depreciation- see equipment tab	\$129,995	\$129,995
	6 Rental Expense- building/carefusion pumps/xerox	\$494,191	\$509,016
	7 Interest, other than capital	0	0
	8 Management Fees:	0	0
	a. Fees to Affiliates	0	0
	b Fees to Non-Affiliates	0	0
	9 Other Expenses	\$743,107	\$814,535
	<b>Total Operating Expense</b>	<b>\$6,771,607</b>	<b>\$7,295,526</b>

E	Other Revenue(Expense) net		
	<b>Net Operating Income (Loss)</b>	<b>\$5,481,548</b>	<b>\$5,749,504</b>

F.	Capital Expenditures		
	1 Retirement of Principal		
	2 Interest		
	<b>Total Capital Expenditures</b>		

	<b>NET OPERATING INCOME (LOSS)</b>		
	<b>LESS CAPITAL EXPENDITURES</b>	<b>\$5,481,548</b>	<b>\$5,749,504</b>

	<b>Other Operating Expenses</b>		
	Utilities	\$63,000	\$66,150
	Contract Services- MMR- mowing-Telehealth	\$454,401	\$500,933
	Repairs/Maint (allscripts)	\$126,875	\$137,156
	Other Expense	\$83,831	\$94,546
	Insurance	\$15,000	\$15,750
		<b>\$743,107</b>	<b>\$814,535</b>

**July 27, 2015****12:08 pm****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: NORTHCREST MEDICAL CENTER (SATELLITE EMERGENCY  
DEPARTMENT IN CLARKSVILLE) - CN1507-028

I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

  
\_\_\_\_\_  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27<sup>th</sup> day of July 2015, witness my hand at office in the County of Davidson, State of Tennessee.

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: January 8, 2019.

HF-0043

Revised 7/02

**MY COMMISSION EXPIRES:  
JANUARY 8, 2019**

**Additional  
Information  
Supplemental #1  
-Copy-**

**NorthCrest Medical Center  
Satellite Emergency  
Department**

**CN1507-028**

waller

196  
JUL 30 2015 11:15

**SUPPLEMENTAL #1**

Waller Lansden Dortch & Davis  
511 Union Street, Suite 2700  
P.O. Box 198966  
Nashville, TN 37219-8966

**July 30, 2015**  
615.244.6804 main  
615.244.6804 fax  
1:05 pm  
wallerlaw.com

Kim Harvey Looney  
615.850.8722 direct  
kim.looney@wallerlaw.com

July 30, 2015

**VIA HAND DELIVERY**

Jeff Grimm  
HSD Examiner  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Certificate of Need Application CN1507-028  
NorthCrest Medical Center (Satellite Emergency Department in Clarksville)  
Request For Additional Information

Dear Jeff:

Pursuant to your request for additional information this morning, enclosed please find Additional Information-Supplemental 1 which includes the Deed confirming ownership of the 2.22+/- acres by David E. Stiltner and the Non-Exclusive Broker Agreement appointing Ty Watts as its agent to execute the Option to Purchase on their behalf.

If you have any questions, please contact me at 615-850-8722 or by email at [kim.looney@wallerlaw.com](mailto:kim.looney@wallerlaw.com).

Sincerely,



Kim Harvey Looney

KHL:lag  
Encl.



**Additional Information - Supplemental 1**

**Deed**

**Non-Exclusive Broker Agreement**

**July 30, 2015****1:05 pm**

**D & S INVESTMENTS**  
**a Tennessee General Partnership**

TO: WARRANTY DEED

**DAVID STILTNER ET UX**

Connie W. Bell, Register  
 Montgomery County Tennessee  
 Rec #: 170702 Instrument #: 786154  
 Rec'd: 15.00 Recorded  
 State: 1665.00 5/30/2008 at 1:41 PM  
 Clerk: 1.00 in Volume  
 EDP: 2.00 1232  
 Total: 1683.00 Pgs 210-212

THIS DEED OF REALTY, executed as of the 29th day of May, 2008, by Grantor, **D & S INVESTMENTS, a Tennessee General Partnership composed of Chester Daniel Price and William S. Stuard, Jr.,** to Grantees, **DAVID STILTNER and wife, CYNTHIA F. STILTNER,** Witnesseth:

That Grantor, for a valuable consideration, receipt whereof is acknowledged, has this day bargained and sold and does hereby transfer and convey unto Grantees, to have and to hold to them, as tenants by the entireties, and to their heirs and assigns forever, in fee simple, certain realty situated in the Eleventh (11th) Civil District of Montgomery County, Tennessee, and bounded and described as follows:

BEING Lot Nos. 8 & 9, on the plan of South Gateway Plaza Final Plat of record in Plat Book E, Page 271, in the Register's Office for Montgomery County, Tennessee, to which plat reference is hereby made for a more complete and accurate description.

This being a portion of the same realty conveyed to D & S Investments, a Tennessee General Partnership, by deed of record in Official Record Book Volume 660, Page 971, in the Register's Office for Montgomery County, Tennessee.

That Grantor (1) covenants that it is lawfully seized and possessed of and has a perfect right to convey such realty and that it is unencumbered except for (a) 2008 taxes which are prorated and Grantees assume; and (b) building setback lines, utility and drainage easements and all other matters as shown by plat of record; (2) will forever warrant and defend the title unto Grantees and to their heirs and assigns against all lawful claims; subject, however, to all legally enforceable restrictions and easements of record and in existence; and Official Record Book Volume 406, Page 854, in the Register's Office

Prepared by:  
 Jill B. Nolan  
 BATSON, NOLAN,  
 PEARSON, MILLER & JOINER  
 121 South Third Street  
 Clarksville, TN 37040

**July 30, 2015****1:05 pm**

for Montgomery County, Tennessee; and (3) will give possession of said property with deed.

IN WITNESS WHEREOF, Grantor has executed this deed as of the date written first herein.

**D & S INVESTMENTS,  
a Tennessee General Partnership**

by: *Chester Daniel Price*  
**Chester Daniel Price, Partner**

by: *William S. Stuard, Jr.*  
**William S. Stuard, Jr., Partner**

GRANTOR

STATE OF TENNESSEE     )  
  )  
COUNTY OF MONTGOMERY    )

Before me, the undersigned, a Notary Public in and for the State and County aforesaid, personally appeared **CHESTER DANIEL PRICE and WILLIAM S. STUARD, JR.**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged themselves to be the Partners of **D & S INVESTMENTS**, the within named bargainor, a Tennessee General Partnership, and that they as Partners, executed the foregoing instrument for the purposes therein contained by signing the name of the general partnership by themselves as Partners.

Witness my hand and seal at office this the 29th day of May, 2008.

My Commission Expires:

8.12.09

Property Owners Name  
and Mailing Address:

**DAVID STILTNER  
CYNTHIA F. STILTNER  
1617 Deerfield Drive  
Clarksville, TN 37043**



Person or Entity Responsible for  
Payment of Property Taxes:

**SAME / OWNER**

**July 30, 2015****1:05 pm**

Property Address:

Map and Parcel No.

Lot 8: 751 Gateway Plaza Blvd/S

63J-A-8

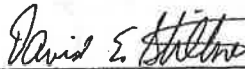
Lot 9: 1376 Hwy 76

63J-A-9

Clarksville, TN 37043

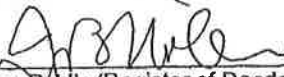
## STATE OF TENNESSEE, MONTGOMERY COUNTY

I hereby swear or affirm that the actual consideration for this transfer or the value of the property transferred, whichever is greater, is \$450,000.00 which amount is equal to or greater than the amount which the property transferred would command at a fair voluntary sale.



Affiant

Subscribed and sworn to before me this the 29th day of May, 2008.

Notary Public (Register of Deeds  
Montgomery County, Tennessee)

My Commission Expires:

8-12-09

);\\deed\\d&amp;s.st\\ltnr\\jo

**July 30, 2015****1:05 pm****NON-EXCLUSIVE BROKER AGREEMENT**

This agreement is made between NorthCrest Medical Center hereinafter referred to as "Buyer" and Ty Watts, hereinafter referred to as "Broker". The purpose of this agreement is to set forth in writing the understanding, which has been reached between the Buyer and the Broker.

1. The Buyer hereby appoints Broker to act as non-exclusive sales agent for Buyer's interest in land in the vicinity of Sango, Montgomery County Area.
2. This agreement shall commence on the date of execution and shall continue for a period of one hundred eighty (180) days and may be extended by mutual agreement.

In witness whereof, the parties have executed this agreement as of this 1<sup>st</sup> day of June 2015.

**AGREED AND ACCEPTED:**

By: Kim Pridgen  
Kim Pridgen  
NorthCrest Medical Center  
Chief Financial Officer

By: Ty Watts  
Ty Watts

July 30, 2015

1:05 pm

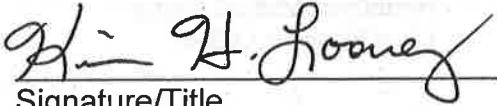
AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: NORTHCREST MEDICAL CENTER (SATELLITE EMERGENCY  
DEPARTMENT IN CLARKSVILLE) - CN1507-028

I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

  
\_\_\_\_\_  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30<sup>th</sup> day of July 2015, witness my hand at office in the County of Davidson, State of Tennessee.

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: January 8, 2019.

HF-0043

Revised 7/02

**MY COMMISSION EXPIRES:  
JANUARY 8, 2019**

# SUPPLEMENTAL #2



204

**SUPPLEMENTAL #2****July 28, 2015**

Waller Lansden Dortch & Davis, LLP  
511 Union Street, Suite 2700  
P.O. Box 198966  
Nashville, TN 37219-8966

Kim Harvey Looney  
615.850.8722 direct  
kim.looney@wallerlaw.com

615.244.6380 main  
615.244.6804 fax  
wallerlaw.com

July 28, 2015

**VIA HAND DELIVERY**

Jeff Grimm  
HSD Examiner  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Certificate of Need Application CN1507-028  
NorthCrest Medical Center (Satellite Emergency Department in Clarksville)

Dear Jeff:

This letter is submitted as the supplemental response to your letter dated July 28, 2015, wherein additional information or clarification was requested regarding the above-referenced CON application.

---

**11. Section C, Need, Item 6.**

There was an error in the percentage column in the table for the Sango zip code community. Please submit a revised table for ED patient origin by zip code for CY 2014 for zip codes with patient origin over 0.15%.

**Response:** Please see revised table for ED patient origin by zip code for CY 2014 included as Attachment C-Need, Item 6 (question 11).

The response showing the projected ED utilization by zip code in Year 1 of the proposed Satellite ED project (2017) is noted. The table below compares the utilization of NorthCrest's main ED in 2014 to the projected visits of the proposed satellite ED in Year 1 noting major projected increases in Sango zip code 37043 and Clarksville zip code 37040. If historical percentages of NorthCrest's utilization was used for these 2 zip codes



**waller**

Jeff Grimm

July 28, 2015

Page 2

before adjustments for population increases over the 3 years, it appears that the projected visits of the Satellite ED in 2017 (Year 1) might be approximately 3,350 visits lower resulting in approximately 5,140 total visits in Year 1 compared to the 8,498 total visits in the application. A comparison by zip code is taken from the tables on pages 14 and 15 of Supplemental 1 and shown in the table below.

Given the Gateway proposed satellite ED across Highway 76 from the applicant's proposed facility and the proximity to Gateway Medical Center, what consideration did the applicant give to developing a more conservative forecast of ED visits by residents of the 2 zip code areas?

**Response:** The applicant projected what it feels is a realistic projection given the factors it considered, including the significant outmigration in the service area. It does not feel that using just the NorthCrest utilization provides an accurate picture of what can be expected if the proposed NorthCrest satellite ED is approved and built. The applicant has already stated that it does not think there is a need for 2 satellite EDs at essentially the same location. The applications are scheduled for simultaneous review. The applicant considered Gateway Medical Center in its application and discusses the significant outmigration and the Gateway location in the far northeast corner of the county in its application. Certainly it is possible to project a more conservative forecast, just as it is possible to project one that is more aggressive. One way to project something more conservative would be to adjust the capture rate projected by NorthCrest for the proposed satellite ED. If NorthCrest used a 90% (instead of 95%) rate for its own utilization that it expects to shift to its proposed satellite ED, that would result in 2,620 visits. Applying a 60% capture rate (instead of 70%) to the total outmigration results in another 3,398 visits. Applying an additional 20% capture rate (instead of 25%) to the Sango outmigration results in another 415 visits. Adjusting the projection for additional visits coming from Sango because of the convenience of the location to 1,100, means a more conservative total projection of 7,533 visits, substantially above the 5,140 visits discussed in the question. These numbers, like the projections in the application, underestimate the projected utilization because, with the exception of NorthCrest's own ED utilization numbers, which it expects to shift to the satellite ED, there has been no adjustment to the numbers for population growth between 2014 and 2017. In addition, NorthCrest feels that the projections included in the application state an accurate and realistic projection for the visits for the proposed NorthCrest satellite ED.

NorthCrest's proposed location is more conveniently located to the patients in the zip code service area and it is reasonable to expect that if patients have a high quality alternative closer to home that they will choose to use it for ED services, particularly when time can be such an important factor in health care outcomes for emergency services. As stated in the previous responses to supplemental questions, NorthCrest is a high quality provider for ED services. Its scores from Press Ganey show an 83<sup>rd</sup>



Jeff Grimm  
July 28, 2015  
Page 3

percentile ranking in AHA Region 4 and a 95<sup>th</sup> percentile ranking when NorthCrest is compared to facilities of a similar size.

#### Historical & Projected Satellite ED Utilization by Zip Codes

Patient Zip Code	Patient City	Patient County	Patients Treated at Main ED 2014	As a % of total	Patients Treated Year 1	As a % of total
37032	Cedar Hill	Robertson	647	23%	809	10%
37010	Adams	Robertson	1,576	56%	1,865	22%
37043	Sango	Montgomery	274	10%	3,390	40%
37040	Clarksville	Montgomery	297	11%	1,744	21%
37052	Cunningham	Montgomery	3	.11%	327	4%
37142	Palmyra	Montgomery	12	.43%	224	3%
37171	Southside	Montgomery	1	.03%	139	1.6%
Total			2,810		8,498	

The response noting public information was not available to complete patient destination by ZIP Code for 2014 in the table below is noted. No further response by the applicant is necessary as HSDA staff may contact Health Statistics, TDH for assistance with completing the table.

waller®

Jeff Grimm  
July 28, 2015  
Page 4

**July 28, 2015**

**1:58 pm**

**Hospital ED Utilization by Residents of Applicant's Proposed Service Area, Year 1**

[illegible]

#### 14. Section C, Economic Feasibility, Item 5 and 6

Item 6.A - The revised table with changes to projected ED visits by Level of Care is noted. However, there is a typo error for Level 4 in the last column. Please make corrections and submit numbered as 30-R2.

**Response:** Please see revised page 30 included as Attachment C-Economic Feasibility.

If you have any questions, please contact me at 615-850-8722 or by email at [kim.looney@wallerlaw.com](mailto:kim.looney@wallerlaw.com).

Sincerely,

Hi

Kim Harvey Looney

KHL:lag  
Encl.

July 28, 2015

1:58 pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

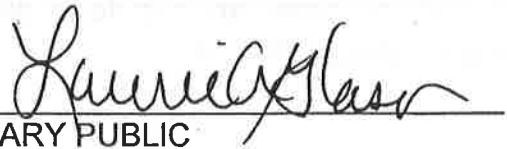
NAME OF FACILITY: NORTHCREST MEDICAL CENTER (SATELLITE EMERGENCY  
DEPARTMENT IN CLARKSVILLE) - CN1507-028

I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28<sup>th</sup> day of July 2015, witness my hand at office in the County of Davidson, State of Tennessee.



NOTARY PUBLIC

My commission expires: January 8, 2019.

HF-0043

Revised 7/02

MY COMMISSION EXPIRES:  
JANUARY 8, 2019

Mark Ausbrooks

**From:** Jim Christoffersen  
**Sent:** Tuesday, October 13, 2015 5:02 PM  
**To:** Lowavia Eden; Melanie Hill; Mark Farber  
**Cc:** Mark Ausbrooks  
**Subject:** RE: 10.2015 Communiqué 1

Hero Healthcare, scheduled to be heard at the October meeting, has filed a petition for review in the Davidson County Chancery Court. It will not be heard in October. Therefore, we must change every document where it's referenced, including this to add the following

**DEFERRED FROM AUGUST MEETING; 2nd DEFERRAL FROM SEPTEMBER MEETING;  
APPLICATION ON HOLD, PENDING RESOLUTION OF DAVIDSON COUNTY CHANCERY COURT  
PETITION FILED BY THE APPLICANT**

Jim Christoffersen  
General Counsel  
Tennessee Health Services and Development Agency  
Andrew Jackson Bldg., 9th Fl.  
502 Deaderick St.  
Nashville, TN 37243  
(615) 741-2364

**From:** Lowavia Eden  
**Sent:** Tuesday, October 13, 2015 4:06 PM  
**To:** Melanie Hill; Mark Farber; Jim Christoffersen  
**Cc:** Mark Ausbrooks  
**Subject:** 10.2015 Communiqué 1





**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364 Fax: 615-741-9884

**LETTER OF INTENT**

The Publication of Intent is to be published in the The Leaf Chronicle  
(Name of Newspaper)  
which is a newspaper of general circulation in the county of: Montgomery

Tennessee, on or before July 10, 2015 for one day.  
(Month/Day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NorthCrest Medical Center Hospital  
(Name of Applicant) (Facility Type-Existing)

owned by: NorthCrest Medical Center with an ownership type of nonprofit corporation

and to be managed by: Satellite ED, LLC intends to file an application for a Certificate of Need

for the establishment of a satellite emergency department facility to be located at a  
currently unnamed street address with the closest cross streets being Gateway Plaza Boulevard and TN Highway 76,  
Clarksville, Montgomery County, Tennessee 37043. The project will be a satellite emergency department of NorthCrest  
Medical Center, an acute care hospital with 109 licensed beds. The cost of this project is expected to be less than \$6,900,000.  
The satellite emergency department will have eight treatment rooms and will provide emergency diagnostic and treatment  
services. The project does not contain major medical equipment or initiate or discontinue any other health service or affect  
the hospital's licensed bed complement.

The anticipated date of filing the application is: July 15, 2015

The contact person for this project is Kim H. Looney, Esq. Attorney  
(Contact Name) (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP 511 Union Street, Suite 2700  
(Company Name) (Address)

Nashville TN 37219 615 / 850-8722  
(City) (State) (Zip Code) (Area Code) (Phone Number)

Kim H. Looney 7-10-15 Kim.Looney@wallerlaw.com  
(Signature) (Date) (Email-Address)

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth day of the month**. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency**  
**Andrew Jackson Building, 9<sup>th</sup> Floor**  
**502 Deaderick Street**  
**Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Jerry W. Taylor  
jtaylor@burr.com  
Direct Dial: (615) 724-3247

511 Union Street  
Suite 2300  
Nashville, Tennessee 37219

Office (615) 724-3200  
Fax (615) 724-3290  
Toll-free (866) 489-8542

BURR.COM

October 12, 2015

Melanie M. Hill  
Executive Director  
Tennessee Health Services and Development Agency  
502 Deaderick Street, 9th Floor  
Andrew Jackson Building  
Nashville, TN 37243-0200

Re: Northcrest Medical Center Satellite Emergency Department  
CN1507-028

Dear Ms. Hill:

Gateway Medical Center, a 270 bed community hospital located in Montgomery County, hereby states its opposition to the above referenced project. As you know, the Northcrest application is the second-filed CON application for a free-standing emergency department (FSED) in the Sango community of Montgomery County, and is under simultaneous review with Gateway Medical Center's application for an FSED.

Gateway Medical Center is located approximately 8 miles from its proposed FSED site, whereas Northcrest Medical Center is located in Robertson County, approximately 27 miles from the Northcrest proposed FSED site. For this and many other reasons, the Gateway proposal is the superior project, and meets the criteria of need, economic feasibility and orderly development of health care services and facilities. The Northcrest proposal does not meet the applicable criteria and should be denied.

Representatives of Gateway Medical Center look forward to the opportunity to explain its opposition in more detail at the October 28, 2015 Agency meeting. Thank you.

Sincerely yours,

Burr & Forman LLP

  
Jerry W. Taylor

Cc: Kim Harvey Looney, Esq.



**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
DIVISION OF POLICY, PLANNING AND ASSESSMENT  
615-741-1954**

**DATE:** August 31, 2015

**APPLICANT:** NorthCrest Medical Center  
Unaddressed Site  
Clarksville, Tennessee 37040

CN1507-028

**CONTACT PERSON:** Kim Looney, Esquire  
Waller Lansden Dortch & Davis LLP  
Nashville, Tennessee 37219

**COST:** \$\$6,874,959

---

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

The applicant, NorthCrest Medical Center, seeks Certificate of Need approval to establish a satellite emergency department (ED) facility ED to be located at an unnamed street address with the closest cross streets being Gateway Boulevard and Tennessee Highway 76, Clarksville,(Montgomery County), Tennessee 37043. The project will be a satellite emergency department of NorthCrest Medical Center, an acute care hospital with 109 licensed beds. The cost of the project is expected to be less than \$6,900,000. The satellite emergency department will have eight treatment rooms and will provide emergency diagnostic and treatment services. The project does not contain major medical equipment or initiate or discontinue any other health service or affect the hospital's bed compliment.

The satellite ED will be locate in a one-story, 10,700 square foot facility with eight treatment rooms and five standard multiuse treatment rooms. The ancillary services provided will include CT, ultrasound, lab, and X-ray to support the emergency care. The facility will include support spaces; staff bathrooms, break area, and offices. The estimated construction cost is \$3,477,500 or \$325 per square foot.

NorthCrest Medical Center is a nonprofit 501(c)(3) entity.

The total estimated project cost is \$6,890,427.66 and will be funded through cash reserves as documented in a letter from the Chief Financial Operator in Attachment C, Economic Feasibility-2.

**GENERAL CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

**NEED:**

The applicant defines their service area as being the following zip codes in Robertson and Montgomery Counties that includes residents from the communities of Adam (37010), Cedar Hill (37032), Cunningham (37052), Palmyra (37142), Sango (37043), Southside (37171), and part of

Clarksville (37040). According to the applicant, the total population for 2015 in these zip codes is 72,712, increasing to 81,480 in 2019. The Department of Health projects the following 2015 and 2019 Montgomery and Robertson County population estimates.

County	2015 Population	2019 Population	% of Increase/ (Decrease)
Montgomery	196,605	216,612	10.2%
Robertson	75,563	77,441	6.7%
<b>Total</b>	<b>272,168</b>	<b>294,053</b>	<b>8.0%</b>

*Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health*

NorthCrest and Gateway Medical Center are the sole providers of emergency care in Robertson and Montgomery counties. Both facilities are operating their respective emergency rooms above the industry standard of capacity. NorthCrest receives patients from several zip codes in Montgomery County and operates the NorthCrest Specialty Clinic which is located less than a mile from the location of the proposed satellite facility.

The applicant contends that as the population has grown in the Clarksville area and drive time to the emergency department at Gateway Medical Center has increase causing a significant access problem for people living southern part of Montgomery County. Currently drive times to the emergency depart take from 30 to 60 minutes depending on traffic and the patient's location. According to the applicant, residents south of the river, including Sango and west Robinson County would benefit from having faster access to a full-service emergency department.

In addition to providing better access to ED services, NorthCrest would like to capture some of the outmigration for ED services. The applicant calculated the outmigration to Davidson County to be 4,403 from the service area zip codes. NorthCrest projects 8,498 visits in year one and 9,602 visits in year two. The applicant determined the number of ED visits in the following manner:

- NorthCrest had 2,810 visits from the service area zip codes in 2014 and estimated the population growth to be approximately 3.6% between 2015 and 2017. Applying this growth should yield an additional 101 visits, for a total of 2,911 expected visits. NorthCrest estimates 95% of these visits would shift to the proposed ED bring the total to 2,765 visits.
- The outmigration in the service area to hospitals in other service areas totaled 5,663 visits in 2014. The applicant hopes to achieve a 70% capture rates for a total of 3,964 visits.
- NorthCrest looked at the Sango zip code and estimated an additional 1,769 visits due to the convenience of the proposed satellite ED to the community.

#### **ER Patient Visits by Facility/Service Area Zip Codes, 2013**

Hospital	37017	37010	37040	37043	37052	37142	37071	Total
Gateway Medical Center	503	111	15,699	8,135	460	434	221	25,563
NorthCrest	487	1,302	186	141	7	4	0	2,127
<b>Total ER Visits to a Facility in or out of the Service Area</b>	<b>1,162</b>	<b>1,782</b>	<b>17,455</b>	<b>9,733</b>	<b>760</b>	<b>717</b>	<b>385</b>	<b>31,984</b>

*Tennessee Department of Health, Hospital Discharge Data*

Gateway Medical Center has also filed CN1507-027 for a freestanding emergency department in Sango and these two proposals will be heard simultaneously. NorthCrest is 23.6 miles from the satellite ED while Gateway is 6.4 miles. The following charts provide utilization and hospital occupancy for both facilities.

### Utilization 2011-2013

	ER Rooms	2011 Presented	2011 Treated	2012 Presented	2012 Treated	2013 Presented	2013 Treated
Gateway Medical Center	40	61,477	61,296	66,288	65,055	63,996	63,561
NorthCrest Medical Center	18	31,693	31,071	**	**	28,229*	28,229*

*Joint Annual Reports of Hospitals, 2011, 2012, 2013, Tennessee Department of Health, Division of Policy, Planning, and Assessment*

\*NorthCrest submitted a corrected JAR for 2013 but did not provide number of patients who presented.

\*\*NorthCrest did not report visits or number presented in 2012.

The following chart illustrates the 2013 number of patients that presented at each facility per treatment room.

### 2013 Emergency Room Utilization

Facility	ER Room	2013 Total	Average Per Room
Gateway Medical Center	40	63,561	1,589
NorthCrest Medical Center	18	28,229	1,568

*Joint Annual Reports of Hospitals, 2011, 2012, 2013, Tennessee Department of Health, Division of Policy,*

### 2013 Service Area Acute Care Hospital Licensed and Staffed Bed Occupancy

Facility	Licensed Beds	Staffed Beds	Licensed Occupancy	Staffed Occupancy
Gateway Medical Center	270	220	37.1%	45.6%
NorthCrest Medical Center	109	66	35.0%	57.8%

Source: *Joint Annual Report of Hospitals 2013*, Division of Health Statistics, Tennessee Department of Health

Both Gateway and NorthCrest ED's are operating at capacity. This project seeks to reduce outmigration for services by providing an alternative. This alternative may increase efficiencies in the provision of emergency services and help the overcrowding conditions at the existing providers of emergency services in Robertson and Montgomery counties.

### TENNCARE/MEDICARE ACCESS:

NorthCrest participates in the Medicare and Medicaid programs. The applicant contracts with all managed care organizations in their area.

The applicant project Medicare revenues of \$6,623,403 or 16% of gross operating revenues, and TennCare revenues of \$14,453,172 or 35% of gross operating revenues in year one of the project.

### ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Project Costs Chart:** The Project Costs Chart is located on page 23 of the application. The total project cost is \$6,890,427.66.

**Historical Data Chart:** The Historical Data Chart is located in Supplemental 1. The applicant reports 28,617, 28,229, and, 28,723 visits in 2012, 2013, and 2014 with net operating revenues of \$142,719, \$149,627, and \$182,273 each year, respectively.

**Projected Data Chart:** The Projected Data Chart is located in Supplemental 1. The applicant projects 38,339 and 39,503 visits in years one and two with net operating revenues of \$743,107 and \$814,525 each year, respectively.

The applicant provided their current and proposed charge schedule by Level band CPT code below.

#### **Current and Proposed Charge Schedule**

Level	CPT Code	Current Charge	Proposed Charge
Level One	99281	359.00	359.00
Level Two	99282	498.00	498.00
Level Three	99283	634.00	634.00
Level Four	99284	1,094.00	1,094.00
Level Five	99285	1,750.00	1,750.00

The applicant determined there were no less costly or effective alternative to this proposed project.

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

NorthCrest has numerous relationships with area nursing homes, home health agencies, and skilled nursing facilities. Patients needing rehabilitation services are discharged to Gateway, Skyline Medical Center, Select, and Vanderbilt Stallworth. NorthCrest is part of Vanderbilt Health Affiliated Network. First Call Ambulance Service will provide transport for the satellite emergency department.

The applicant states the project will have a positive effect on three different populations. Those who live in Cedar Hill, the Adams area, and Robertson County will have quicker emergency access. The residents of rural Montgomery County will have their drive times reduced for emergency services. Sango and the Clarksville area residents will have more than one emergency care center in the area.

The total staffing for the satellite ED is 27.7 FTEs, 10.5 of which are emergency trained registered nurses. The applicant provides a chart detailing the positions and compares those with the current staffing of the main ED in Supplemental 1, pages 21 and 22.

NorthCrest maintains clinical affiliations with Austin Peay University, Western Kentucky University, Hopkinsville Community College, Volunteer State Community College, and Vanderbilt University.

NorthCrest is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by Joint Commission.

#### **SPECIFIC CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

#### **CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT**

**OF  
HEALTH CARE INSTITUTIONS**

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

*The proposed site is located close to I-24 .*

*NorthCrest has the ability to increase its capacity for the foreseeable future within the scope of the project.*

*NorthCrest Specialty Clinic is located less than a mile away. In addition, other practicing physicians practicing at NorthCrest are supportive of the project because it will allow their patients increased access to an important service where time is frequently an important factor.*

2. For relocation or replacement of an existing licensed health care institution:
  - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

*Not applicable.*

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

*Not applicable.*

3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

*NorthCrest is currently operating at over 1,500 patients per exam room. Renovation of the existing hospital emergency department is not seen as a viable option due to cost and space issues. The benefits of building a satellite ED are: decreased drive time, better healthcare, increased patient choice, and increased charity care. NorthCrest expects increased efficiency at the main ED as a result.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

*NorthCrest reports that expansion of its emergency department is necessary to meet the needs of area residents and expansion on their campus does not allow the proposed service area residents.*